

**CONTRACT RESULTING FROM REQUEST FOR PROPOSAL NUMBER 10089745-21-V,
Accounts Payable Recovery Audit Services**

This Contract (Contract) is entered into by and between the City of San Diego, a municipal corporation (City), and the successful proposer to Request for Proposal (RFP) # 10089745-21-V, Accounts Payable Recovery Audit Services (Contractor).

RECITALS

On or about 3/2/2021, City issued an RFP to prospective proposers on services to be provided to the City. The RFP and any addenda and exhibits thereto are collectively referred to as the "RFP." The RFP is attached hereto as Exhibit A.

City has determined that Contractor has the expertise, experience, and personnel necessary to provide the services.

City wishes to retain Contractor to provide accounts payable recovery audit services as further described in the Scope of Work, attached hereto as Exhibit B. (Services).

For good and valuable consideration, the sufficiency of which is acknowledged, City and Contractor agree as follows:

**ARTICLE I
CONTRACTOR SERVICES**

1.1 Scope of Work. Contractor shall provide the Services to City as described in Exhibit B which is incorporated herein by reference. Contractor will submit all required forms and information described in Exhibit A to the Purchasing Agent before providing Services.

1.2 General Contract Terms and Provisions. This Contract incorporates by reference the General Contract Terms and Provisions, attached hereto as Exhibit C.

1.3 Contract Administrator. The Department of Finance (Department) is the Contract Administrator for this Agreement. Contractor shall provide the Services under the direction of a designated representative of the Department as follows:

Jeffrey Peelle, Assistant Director
202 C St. MS7A
(619) 236-6712
JPeelle@sandiego.gov

**ARTICLE II
DURATION OF CONTRACT**

2.1 Term. This Contract shall be for a period of two (2) years beginning on July 1, 2021, the Effective Date, through June 30, 2023. City may, in its sole discretion, extend this Contract for three (3) additional one (1) year period(s). The term of this Contract shall not exceed five years unless approved by the City Council by ordinance.

5.4 Counterparts. This Contract may be executed in counterparts which, when taken together, shall constitute a single signed original as though all Parties had executed the same page.

5.5 Public Agencies. Other public agencies, as defined by California Government Code section 6500, may choose to use the terms of this Contract, subject to Contractor's acceptance. The City is not liable or responsible for any obligations related to a subsequent Contract between Contractor and another public agency.

IN WITNESS WHEREOF, this Contract is executed by City and Contractor acting by and through their authorized officers.

CONTRACTOR

CITY OF SAN DIEGO
A Municipal Corporation

Moody Associates, P.A.
Proposer

BY:

[Signature]

1470 Ben Sawyer Blvd. Ste. 9
Street Address

Print Name:

Claudia C. Asarca
Director, Purchasing & Contracting Department

Mt. Pleasant, SC 29464
City

(843) 416-1085
Telephone No.

August 20, 2021
Date Signed

dmoody@moodyassociates.net
E-Mail

BY:

Donald S. Moody
Signature of
Proposer's Authorized
Representative

Approved as to form this 9th day of

September, 20 21.
MARA W. ELLIOTT, City Attorney

Donald S. Moody
Print Name

BY: [Signature]
Deputy City Attorney

President - Managing Partner
Title

3/26/2021
Date

2.2 Effective Date. This Contract shall be effective on the date it is executed by the last Party to sign the Contract, and approved by the City Attorney in accordance with San Diego Charter Section 40.

**ARTICLE III
COMPENSATION**

3.1 Amount of Compensation. City shall pay Contractor for performance of all Services rendered in accordance with this Contract in an amount not to exceed \$200,000.00.

**ARTICLE IV
WAGE REQUIREMENTS**

4.1 Reserved.

**ARTICLE V
CONTRACT DOCUMENTS**

5.1 Contract Documents. The following documents comprise the Contract between the City and Contractor: this Contract and all exhibits thereto, the RFP; the Notice to Proceed; and the City's written acceptance of exceptions or clarifications to the RFP, if any.

5.2 Contract Interpretation. The Contract Documents completely describe the Services to be provided. Contractor will provide any Services that may reasonably be inferred from the Contract Documents or from prevailing custom or trade usage as being required to produce the intended result whether or not specifically called for or identified in the Contract Documents. Words or phrases which have a well-known technical or construction industry or trade meaning and are used to describe Services will be interpreted in accordance with that meaning unless a definition has been provided in the Contract Documents.

5.3 Precedence. In resolving conflicts resulting from errors or discrepancies in any of the Contract Documents, the Parties will use the order of precedence as set forth below. The 1st document has the highest priority. Inconsistent provisions in the Contract Documents that address the same subject, are consistent, and have different degrees of specificity, are not in conflict and the more specific language will control. The order of precedence from highest to lowest is as follows:

- 1st Any properly executed written amendment to the Contract
- 2nd The Contract
- 3rd The RFP and the City's written acceptance of any exceptions or clarifications to the RFP, if any
- 4th Contractor's Pricing

**EXHIBIT A
PROPOSAL SUBMISSION AND REQUIREMENTS**

A. PROPOSAL SUBMISSION

1. Timely Proposal Submittal. Proposals must be submitted as described herein to the Purchasing & Contracting Department (P&C).

1.1 Reserved.

1.2 Paper Proposals. The City will accept paper proposals in lieu of eProposals. Paper proposals must be submitted in a sealed envelope to the Purchasing & Contracting Department (P&C) located at 1200 Third Avenue, Suite 200, San Diego, CA 92101. The Solicitation Number and Closing Date must be referenced in the lower left-hand corner of the outside of the envelope. Faxed proposals will not be accepted.

1.3 Proposal Due Date. Proposals must be submitted prior to the Closing Date indicated on the eBidding System. E-mailed and/or faxed proposals will not be accepted.

1.4 Pre-Proposal Conference. No pre-proposal conference will be held for RFP.

1.4.1 Reserved.

1.5 Questions and Comments. Written questions and comments must be submitted electronically via the eBidding System no later than the date specified on the eBidding System. Only written communications relative to the procurement shall be considered. The City's eBidding System is the only acceptable method for submission of questions. All questions will be answered in writing. The City will distribute questions and answers without identification of the inquirer(s) to all proposers who are on record as having received this RFP, via its eBidding System. No oral communications can be relied upon for this RFP. Addenda will be issued addressing questions or comments that are determined by the City to cause a change to any part of this RFP.

1.6 Contact with City Staff. Unless otherwise authorized herein, proposers who are considering submitting a proposal in response to this RFP, or who submit a proposal in response to this RFP, are prohibited from communicating with City staff about this RFP from the date this RFP is issued until a contract is awarded.

2. Proposal Format and Organization. Unless electronically submitted, all proposals should be securely bound and must include the following completed and executed forms and information presented in the manner indicated below:

Tab A - Submission of Information and Forms.

2.1 Completed and signed Contract Signature Page. If any addenda are issued, the latest Addendum Contract Signature Page is required.

2.2 Exceptions requested by proposer, if any. The proposer must present written factual or legal justification for any exception requested to the Scope of Work, the Contract, or the Exhibits thereto. Any exceptions to the Contract that have not been accepted

by the City in writing are deemed rejected. The City, in its sole discretion, may accept some or all of proposer's exceptions, reject proposer's exceptions, and deem the proposal non-responsive, or award the Contract without proposer's proposed exceptions. The City will not consider exceptions addressed elsewhere in the proposal.

2.3 The Contractor Standards Pledge of Compliance Form.

2.4 Equal Opportunity Contracting forms including the Work Force Report and Contractors Certification of Pending Actions.

2.5 Reserved.

2.6 Licenses as required in Exhibit B.

2.7 Reserved.

2.8 Additional Information as required in Exhibit B.

2.9 Reserved.

Tab B - Executive Summary and Responses to Specifications.

2.10 A title page.

2.11 A table of contents.

2.12 An executive summary, limited to one typewritten page, that provides a high-level description of the proposer's ability to meet the requirements of the RFP and the reasons the proposer believes itself to be best qualified to provide the identified services.

2.13 Proposer's response to the RFP.

Tab C - Cost/Price Proposal (if applicable). Proposers shall submit a cost proposal in the form and format described herein. Failure to provide cost(s) in the form and format requested may result in proposal being declared non-responsive and rejected.

3. Proposal Review. Proposers are responsible for carefully examining the RFP, the Specifications, this Contract, and all documents incorporated into the Contract by reference before submitting a proposal. If selected for award of contract, proposer shall be bound by same unless the City has accepted proposer's exceptions, if any, in writing.

4. Addenda. The City may issue addenda to this RFP as necessary. All addenda are incorporated into the Contract. The proposer is responsible for determining whether addenda were issued prior to a proposal submission. Failure to respond to or properly address addenda may result in rejection of a proposal.

5. Quantities. The estimated quantities provided by the City are not guaranteed. These quantities are listed for informational purposes only. Quantities vary depending on the demands of the City. Any variations from the estimated quantities shall not entitle the proposer to an adjustment in the unit price or any additional compensation.

6. Quality. Unless otherwise required, all goods furnished shall be new and the best of their kind.

6.1 Items Offered. Proposer shall state the applicable trade name, brand, catalog, manufacturer, and/or product number of the required good, if any, in the proposal.

6.2 Brand Names. Any reference to a specific brand name in a solicitation is illustrative only and describes a component best meeting the specific operational, design, performance, maintenance, quality, or reliability standards and requirements of the City. Proposer may offer an equivalent or equal in response to a brand name referenced (Proposed Equivalent). The City may consider the Proposed Equivalent after it is subjected to testing and evaluation which must be completed prior to the award of contract. If the proposer offers an item of a manufacturer or vendor other than that specified, the proposer must identify the maker, brand, quality, manufacturer number, product number, catalog number, or other trade designation. The City has complete discretion in determining if a Proposed Equivalent will satisfy its requirements. It is the proposer's responsibility to provide, at their expense, any product information, test data, or other information or documents the City requests to properly evaluate or demonstrate the acceptability of the Proposed Equivalent, including independent testing, evaluation at qualified test facilities, or destructive testing.

7. Modifications, Withdrawals, or Mistakes. Proposer is responsible for verifying all prices and extensions before submitting a proposal.

7.1 Modification or Withdrawal of Proposal Before Proposal Opening. Prior to the Closing Date, the proposer or proposer's authorized representative may modify or withdraw the proposal by providing written notice of the proposal modification or withdrawal to the City Contact via the eBidding System. E-mail or telephonic withdrawals or modifications are not permissible.

7.2 Proposal Modification or Withdrawal of Proposal After Proposal Opening. Any proposer who seeks to modify or withdraw a proposal because of the proposer's inadvertent computational error affecting the proposal price shall notify the City Contact identified on the eBidding System no later than three working days following the Closing Date. The proposer shall provide worksheets and such other information as may be required by the City to substantiate the claim of inadvertent error. Failure to do so may bar relief and allow the City recourse from the bid surety. The burden is upon the proposer to prove the inadvertent error. If, as a result of a proposal modification, the proposer is no longer the apparent successful proposer, the City will award to the newly established apparent successful proposer. The City's decision is final.

8. Incurred Expenses. The City is not responsible for any expenses incurred by proposers in participating in this solicitation process.

9. Public Records. By submitting a proposal, the proposer acknowledges that any information submitted in response to this RFP is a public record subject to disclosure unless the City determines that a specific exemption in the California Public Records Act (CPRA) applies. If the proposer submits information clearly marked confidential or proprietary, the City may protect such information and treat it with confidentiality to the extent permitted by law. However, it will be the responsibility of the proposer to provide to the City the specific legal grounds on which the City can rely in withholding information requested under the CPRA should the City choose to withhold such information. General references to sections of

the CPRA will not suffice. Rather, the proposer must provide a specific and detailed legal basis, including applicable case law, that clearly establishes the requested information is exempt from the disclosure under the CPRA. If the proposer does not provide a specific and detailed legal basis for requesting the City to withhold proposer's confidential or proprietary information at the time of proposal submittal, City will release the information as required by the CPRA and proposer will hold the City, its elected officials, officers, and employees harmless for release of this information. It will be the proposer's obligation to defend, at proposer's expense, any legal actions or challenges seeking to obtain from the City any information requested under the CPRA withheld by the City at the proposer's request. Furthermore, the proposer shall indemnify and hold harmless the City, its elected officials, officers, and employees from and against any claim or liability, and defend any action brought against the City, resulting from the City's refusal to release information requested under the CPRA which was withheld at proposer's request. Nothing in the Contract resulting from this proposal creates any obligation on the part of the City to notify the proposer or obtain the proposer's approval or consent before releasing information subject to disclosure under the CPRA.

10. Right to Audit. The City Auditor may access proposer's records as described in San Diego Charter section 39.2 to confirm contract compliance.

B. PRICING

1. Fixed Price. All prices shall be firm, fixed, fully burdened, FOB destination, and include any applicable delivery or freight charges, and any other costs required to provide the requirements as specified in this RFP. The lowest total estimated contract price of all the proposals that meet the requirements of this RFP will receive the maximum assigned points to this category as set forth in this RFP. The other price schedules will be scored based on how much higher their total estimated contract prices compare with the lowest:

$$(1 - \frac{\text{contract price} - \text{lowest price}}{\text{lowest price}}) \times \text{maximum points} = \text{points received}$$

For example, if the lowest total estimated contract price of all proposals is \$100, that proposal would receive the maximum allowable points for the price category. If the total estimated contract price of another proposal is \$105 and the maximum allowable points is 60 points, then that proposal would receive $(1 - ((105 - 100) / 100) \times 60 = 57$ points, or 95% of the maximum points. The lowest score a proposal can receive for this category is zero points (the score cannot be a negative number). The City will perform this calculation for each Proposal.

2. Taxes and Fees. Taxes and applicable local, state, and federal regulatory fees should not be included in the price proposal. Applicable taxes and regulatory fees will be added to the net amount invoiced. The City is liable for state, city, and county sales taxes but is exempt from Federal Excise Tax and will furnish exemption certificates upon request. All or any portion of the City sales tax returned to the City will be considered in the evaluation of proposals.

3. Escalation. An escalation factor is not allowed unless called for in this RFP. If escalation is allowed, proposer must notify the City in writing in the event of a decline in

market price(s) below the proposal price. At that time, the City will make an adjustment in the Contract or may elect to re-solicit.

4. Unit Price. Unless the proposer clearly indicates that the price is based on consideration of being awarded the entire lot and that an adjustment to the price was made based on receiving the entire proposal, any difference between the unit price correctly extended and the total price shown for all items shall be offered shall be resolved in favor of the unit price.

C. EVALUATION OF PROPOSALS

1. Award. The City shall evaluate each responsive proposal to determine which proposal offers the City the best value consistent with the evaluation criteria set forth herein. The proposer offering the lowest overall price will not necessarily be awarded a contract.

2. Sustainable Materials. Consistent with Council Policy 100-14, the City encourages use of readily recyclable submittal materials that contain post-consumer recycled content.

3. Evaluation Process.

3.1 Process for Award. A City-designated evaluation committee (Evaluation Committee) will evaluate and score all responsive proposals. The Evaluation Committee may require proposer to provide additional written or oral information to clarify responses. Upon completion of the evaluation process, the Evaluation Committee will recommend to the Purchasing Agent that award be made to the proposer with the highest scoring proposal.

3.2 Optional Interview/Oral Presentation. The City may require proposers to interview and/or make an oral presentation.

3.3 Mandatory Interview/Oral Presentation. The City will require only the top three (3) proposers with the highest scoring proposals to interview and/or make an oral presentation. Interviews and/or oral presentations will be made to the Evaluation Committee in order to clarify the proposals and to answer any questions. The interviews and/or oral presentations will be scored as part of the selection process. The City will complete all reference checks prior to any oral interview. Additionally, the Evaluation Committee may require proposer's key personnel to interview. Interviews may be by telephone and/or in person. Multiple interviews may be required. Proposers are required to complete their oral presentation and/or interviews within seven (7) workdays after the City's request. Proposers should be prepared to discuss and substantiate any of the areas of the proposal submitted, as well as proposer's qualifications to furnish the subject goods and services. Proposer is responsible for any costs incurred for the oral presentation and interview of the key personnel.

3.4 Discussions/Negotiations. The City has the right to accept the proposal that serves the best interest of the City, as submitted, without discussion or negotiation. Contractors should, therefore, not rely on having a chance to discuss, negotiate, and adjust their proposals. The City may negotiate the terms of a contract with the winning proposer based on the RFP and the proposer's proposal, or award the contract without further negotiation.

3.5 Inspection. The City reserves the right to inspect the proposer's equipment and facilities to determine if the proposer is capable of fulfilling this Contract. Inspection

will include, but not limited to, survey of proposer’s physical assets and financial capability. Proposer, by signing the proposal agrees to the City’s right of access to physical assets and financial records for the sole purpose of determining proposer’s capability to perform the Contract. Should the City conduct this inspection, the City reserves the right to disqualify a proposer who does not, in the City’s judgment, exhibit the sufficient physical and financial resources to perform this Contract.

3.6 Evaluation Criteria. The following elements represent the evaluation criteria that will be considered during the evaluation process:

	MAXIMUM EVALUATION POINTS
	<hr/>
A. Responsiveness to the RFP.	20
1. Requested information included and thoroughness of response	
2. Executive Summary, understanding of the project	
3. Creativity of proposed project approach	
4. Clarity and brevity of the response	
B. Staffing Plan.	25
1. Qualifications of personnel adequate for requirement	
2. Availability/Geographical location of personnel for required tasks	
3. Clearly defined roles/responsibilities of personnel	
C. Proposer's Capability to provide the services and expertise and Past Performance.	35
1. Relevant experience of the Proposer and subcontractors	
2. Previous relationship of Proposer and subcontractors on similar projects	
3. Other pertinent experience	
4. Past/prior performance	
5. Capacity/capability to meet The City of San Diego needs in a timely manner	
6. Reference checks	
7. Experience and capability to provide other revenue recovery audit services	
D. Price.	10
E. Mandatory Interview/Oral Presentations and establishment of Rapport with Key Personnel, at no cost to the City.	10
1. Equipment	
2. Software	
3. Support model	
4. Real time operation	
5. Thoroughness and clarity of presentation	
SUB TOTAL MAXIMUM EVALUATION POINTS:	<hr/> 100
F. Participation by Small Local Business Enterprise (SLBE) or Emerging Local Business Enterprise (ELBE) Firms*	12
FINAL MAXIMUM EVALUATION POINTS INCLUDING SLBE/ELBE:	<hr/> 112 <hr/>

*The City shall apply a maximum of an additional 12 percentage points to the proposer's final score for SLBE OR ELBE participation. Refer to Equal Opportunity Contracting Form, Section V.

D. ANNOUNCEMENT OF AWARD

1. Award of Contract. The City will inform all proposers of its intent to award a Contract in writing.

2. Obtaining Proposal Results. No solicitation results can be obtained until the City announces the proposal or proposals best meeting the City's requirements. Proposal results may be obtained by: (1) e-mailing a request to the City Contact identified on the eBidding System or (2) visiting the P&C eBidding System to review the proposal results. To ensure an accurate response, requests should reference the Solicitation Number. Proposal results will not be released over the phone.

3. Multiple Awards. City may award more than one contract by awarding separate items or groups of items to various proposers. Awards will be made for items, or combinations of items, which result in the lowest aggregate price and/or best meet the City's requirements. The additional administrative costs associated with awarding more than one Contract will be considered in the determination.

E. PROTESTS. The City's protest procedures are codified in Chapter 2, Article 2, Division 30 of the San Diego Municipal Code (SDMC). These procedures provide unsuccessful proposers with the opportunity to challenge the City's determination on legal and factual grounds. The City will not consider or otherwise act upon an untimely protest.

F. SUBMITTALS REQUIRED UPON NOTICE TO PROCEED. The successful proposer is required to submit the following documents to P&C **within ten (10) business days** from the date on the Notice to Proceed letter:

1. Insurance Documents. Evidence of all required insurance, including all required endorsements, as specified in Article VII of the General Contract Terms and Provisions.

2. Taxpayer Identification Number. Internal Revenue Service (IRS) regulations require the City to have the correct name, address, and Taxpayer Identification Number (TIN) or Social Security Number (SSN) on file for businesses or persons who provide goods or services to the City. This information is necessary to complete Form 1099 at the end of each tax year. To comply with IRS regulations, the City requires each Contractor to provide a Form W-9 prior to the award of a Contract.

3. Business Tax Certificate. Unless the City Treasurer determines a business is exempt, all businesses that contract with the City must have a current business tax certificate.

4. Bond. A bond as described in Exhibit B.

5. Payment Card Industry Data Security Documents. Evidence of all required documents, as described in Exhibit B.

The City may find the proposer to be non-responsive and award the Contract to the next highest scoring responsible and responsive proposer if the apparent successful proposer fails to timely provide the required information or documents.

EXHIBIT B SCOPE OF WORK

A. BACKGROUND

The City of San Diego processes approximately 120,000 payment transactions annually. The annual dollar value of these transactions is approximately \$2 billion. There are currently approximately 16,000 active vendors in the City's database. The City's payment related documents are imaged and stored electronically.

This RFP is being issued to solicit competition and to make an award to a qualified Contractor who can best provide accounts payable recovery audit services. In general, this includes recovering duplicate payments, overpayments, other open credits, missed discounts and contract price variances. These services are expected to begin in July 2021 and will cover payments made during fiscal years 2018, 2019, 2020, and 2021.

Previous experience performing accounts payable and other types of revenue recovery audits for companies using an SAP ERP system is desirable.

B. OBJECTIVE

The objective of this RFP is to make an award to a qualified Contractor which delivers Accounts Payable Recovery Audit, and other Revenue Recovery Audit Services As Needed that represents best overall value to the City while meeting or exceeding the specifications and requirements of this RFP including, but not limited to, maximizing revenue recovery opportunities for the City.

C. PRECLUDED PARTICIPATION

In order to avoid any real or perceived conflicts of interest, the successful Contractor to this RFP will be precluded from participation in any solicitations or contracts that result, directly or indirectly, from this RFP.

D. CORE REQUIREMENTS

The successful Contractor shall provide the following for the Accounts Payable Recovery Audit.

- 1) Within ten (10) business days after Notice to Proceed, the Contractor shall coordinate a Pre-Audit Planning meeting between involved City staff and Contractor's Key staff (those who will be directly involved or oversee the audit work). The purpose of this meeting is to review the scope of the audit and optimally coordinate the audit work to follow. To help ensure a productive initial meeting, the Contractor shall provide information deemed pertinent to the project, including but not limited to proposed audit scope, audit timeline, information required, and audit process considerations to designated City staff in advance of the meeting. Meetings shall be conducted by teleconference.

- 2) Following the Pre-Audit Planning meeting, the Contractor shall provide the Contract Administrator or designee with their initial work plan and schedule for completing the audit work. The work plan shall detail the agreed upon procedures for performing the audit and optimally communicating with City staff.
- 3) A comprehensive analysis of the City's accounts payable during fiscal years 2018, 2019, 2020, and 2021 with a goal of identifying and recovering duplicate payments, overpayments, other open credits, missed discounts and contract price variances.
- 4) Contractor shall facilitate revenue recovery payments directly from the vendor to the City. These revenue recovery payments shall be coordinated with designated City staff to ensure that each payment is received and accounted for. Once a payment has been received by the City, the Contractor shall issue an invoice to the City in accordance with the firm, fixed pricing submitted as part of this contract.
- 5) Prior to beginning audit work, the Contractor shall detail in writing their approach for a) investigating potential payment errors with vendors and City staff, and b) coordinating with City staff to ensure that each payment is received and accounted for by the City.
- 6) The Contractor shall provide the Contract Administrator or designee with recommended protocols for ensuring that confirmed payment errors are repaid directly to the City from the subject vendor.
- 7) The Contractor shall document and electronically maintain all related correspondence, account details and supporting documents in an audit database. Upon request, the Contractor will provide the City with supporting documents from their audit database to review potential payment errors during the term of the contract; however, this period shall not be less than five (5) years from the Notice to Proceed.
- 8) In the event that additional recovery audit services (in addition to the Accounts Payable audit) are required, the City will request requirements similar to 1) through 7) from the Contractor above.

E. TRAINING

In advance of starting an audit, Contractor shall inform the City if they plan to provide City staff with training to enhance the revenue recovery audit results. If training would enhance audit results or prevent future payment errors, the Contractor should describe the training, indicate whether the training should be conducted on-site or off-site, provide a proposed training schedule and specify which City staff should be included. Any training offered by the Contractor, is at no additional cost to the City.

F. LICENSES

It is expected that the Contractor will use their proprietary/licensed analytical software to evaluate City payment and revenue data during the course of an audit. The Contractor shall subsequently provide the City with information related to their audit findings. If it is necessary for the City to have a copy of the Contractor's software to evaluate or

otherwise follow-up on audit findings, the Contractor shall provide the City with a copy of their end user license agreement for the software and indicate whether the City has the right to make backup/archival copies or the right to make unlimited copies of documentation.

G. DOCUMENTATION AND REPORTS

After researching and confirming payment errors, the Contractor will be required to help designated City staff understand the causes of payment errors so the City can take steps to prevent similar errors. The Contractor shall summarize this information in writing to City management immediately following a significant audit finding. Every quarter during the engagement of this contract, the Contractor shall provide the City management with a report summarizing payment errors discovered during the audit and actions the City should consider taking to eliminate those errors going forward and a cumulative summary of amounts recovered.

H. CONTRACTORS IMPLEMENTATION PLAN

Contractors shall include an implementation plan proposing procedural, operational steps, technical approach and milestones of how Contractor intends to provide the work plan with requirements as previously specified. Any challenges or problems should be identified. A revised schedule may be required from the Contractor within ten (10) calendar days of the City's notice to proceed.

I. CUSTOMER SERVICE

The Contractor shall identify a day-to-day contact for the City during an audit. The identified contact should be readily available to City staff to answer questions, facilitate necessary transfers of data, and resolve any issues that may arise with vendors or otherwise facilitate an effective audit. Additionally, the Contractor should identify a back-up contact for the City should the day-to-day contact not be available for any reason.

J. COOPERATION AND TRANSITION

Contractor shall cooperate with the City at the expiration of the contract and the incumbent Contractor in order to accomplish a smooth phase-out and transition of responsibility and requirements, if applicable.

K. QUALIFICATIONS AND EXPERIENCE

The following experience, qualifications and skills are required to successfully complete the requirements of this RFP.

Contractor shall have a minimum 7 years' experience in revenue recovery audit services.

Contractor shall describe their experience and qualifications in performing revenue recovery audit services. Contractor shall include a description of what makes their approach to these types of audits unique and effective. Contractor shall describe any relevant experience performing accounts payable audits on large ERP systems (SAP),

public agencies (if applicable); and shall explain how they are able to work effectively with vendors and clients in performing accounts payable audits. Contractor shall also describe their experience in performing other revenue recovery audit work (contract compliance, court revenue, utility, reverse sales & use tax, etc.).

Additionally, Contractor shall provide the City with the following information about their company and personnel:

- a. Provide a company/corporation organization chart and assigned staffing profile including years of tenure for staff.
- b. Provide the names of the assigned project managers and key personnel. The City requires that the selected Contractor agree to not change key personnel without the prior approval of the City.
- c. Indicate whether assigned key personnel have prior experience in accounts of similar type, size, and scope.
- d. Optional services

Although the primary focus of this RFP is to procure an accounts payable audit to maximize revenue recovery and also improve the City's internal controls, the City may request other revenue recovery audit services at its option that are within the technical expertise of the selected Contractor. Examples of other revenue recovery audit services may include, but are not limited to, contract compliance audits, court revenue audits, utility audits, reverse sales & use tax audits, etc. The City will, in minor part, evaluate proposals for experience and capability to perform these other revenue recovery audits. Any other revenue recovery audit services, if required by the City, will be completed by an amendment to this Contract in accordance with Section I.13, Changes.

L. REFERENCES

Proposer must demonstrate that they are properly equipped to perform the work as specified in this RFP. The City reserves the right to contact references not provided by the Proposer. References shall be provided in accordance with the attached form.

Proposer is required to provide a minimum of three (3) references to demonstrate successful performance for work of similar size and scope as specified in this contract during the past seven (7) years. References shall be submitted on the Contractor Standards Pledge of Compliance form attached to this RFP. Proposer cannot provide a current City of San Diego staff member as a reference. If a City staff member is provided, the Proposer will be required to provide an additional reference.

Proposer is required to state all subcontractors to be used in the performance of the proposed contract, and what portion of work will be assigned to each Subcontractor on the form attached to this RFP.

The City shall rely on references as part of the evaluation process. The City reserves the right to take any or all of the following actions: reject a proposal based on an unsatisfactory reference(s), to contact any person or persons associated with the

reference, to request additional references, to contact organizations known to have used in the past or currently using the services supplied by the Proposer or the Proposer's Subcontractors (as listed in Contractor Standards Pledge of Compliance form attached to this RFP), and to contact independent consulting firms for additional information about the Proposer or the Proposer's Subcontractors.

M. COMPENSATION/INVOICING

Consultant shall provide a total project cost for all accounts payable audit recovery revenue services as identified herein. Invoicing shall include all project-related costs and be submitted to the City in accordance with the City's General Contract Terms and Provisions, Article 3.2.2, Service Contracts.

Estimated Amount Recovered per Recovery	Exhibit B - Scope of Work*	Unit Price Percentage (%) Proposed Fully Burdened, Firm Fixed Price	Extension (Est. Amount Recovered per Recovery X % Proposed)
\$250,000	Percentage of revenues recovered as a result of AP Audit Recovery. The percentage (%) can be to the hundredth of a percentage. The City will cap recovery compensation at \$100,000 per recovery.	_____ %	\$ _____

***IMPORTANT:** The City is in the process of making corrections to its master vendor database and may identify vendor payment errors before work begins. Before the accounts payable audit begins, the City will provide the selected Contractor with a written list of any overpayments or missed discounts that have been identified to date (if any) or are in the process of being investigated/resolved. The Contractor shall not be compensated for overpayments or missed discounts that have already been identified in the aforementioned written list provided to the Contractor prior to the start of the accounts payable audit

M. COMPENSATION/INVOICING

Estimated Amount Recovered per Recovery	Exhibit B – Scope of Work*	Unit Price Percentage (%) Proposed Fully Burdened, Firm Fixed Price	Extension (Est. Amount Recovered per Recovery X % Proposed)
\$250,000	Percentage of revenues recovered as a result of AP Audit Recovery. The percentage (%) can be to the hundredth of a percentage. The City will cap recover compensation at \$100,000 per recovery.	<p style="text-align: center;"> <u>25</u> % </p>	<p style="text-align: center;"> \$ <u>62,500</u> </p>

EXHIBIT C



THE CITY OF SAN DIEGO
GENERAL CONTRACT TERMS AND PROVISIONS
APPLICABLE TO GOODS, SERVICES, AND CONSULTANT CONTRACTS

ARTICLE I SCOPE AND TERM OF CONTRACT

1.1 Scope of Contract. The scope of contract between the City and a provider of goods and/or services (Contractor) is described in the Contract Documents. The Contract Documents are comprised of the Request for Proposal, Invitation to Bid, or other solicitation document (Solicitation); the successful bid or proposal; the letter awarding the contract to Contractor; the City's written acceptance of exceptions or clarifications to the Solicitation, if any; and these General Contract Terms and Provisions.

1.2 Effective Date. A contract between the City and Contractor (Contract) is effective on the last date that the contract is signed by the parties and approved by the City Attorney in accordance with Charter section 40. Unless otherwise terminated, this Contract is effective until it is completed or as otherwise agreed upon in writing by the parties, whichever is the earliest. A Contract term cannot exceed five (5) years unless approved by the City Council by ordinance.

1.3 Contract Extension. The City may, in its sole discretion, unilaterally exercise an option to extend the Contract as described in the Contract Documents. In addition, the City may, in its sole discretion, unilaterally extend the Contract on a month-to-month basis following contract expiration if authorized under Charter section 99 and the Contract Documents. Contractor shall not increase its pricing in excess of the percentage increase described in the Contract.

ARTICLE II CONTRACT ADMINISTRATOR

2.1 Contract Administrator. The Purchasing Agent or designee is the Contract Administrator for purposes of this Contract, and has the responsibilities described in this Contract, in the San Diego Charter, and in Chapter 2, Article 2, Divisions 5, 30, and 32.

2.1.1 Contractor Performance Evaluations. The Contract Administrator will evaluate Contractor's performance as often as the Contract Administrator deems necessary throughout the term of the contract. This evaluation will be based on criteria including the quality of goods or services, the timeliness of performance, and adherence to applicable laws, including prevailing wage and living wage. City will provide Contractors who receive an unsatisfactory rating with a copy of the evaluation and an opportunity to respond. City may consider final evaluations, including Contractor's response, in evaluating future proposals and bids for contract award.

2.2 Notices. Unless otherwise specified, in all cases where written notice is required under this Contract, service shall be deemed sufficient if the notice is personally delivered or deposited in the United States mail, with first class postage paid, attention to the Purchasing Agent. Proper notice is effective on the date of personal delivery or five (5) days after deposit in a United States postal mailbox unless provided otherwise in the Contract. Notices to the City shall be sent to:

Purchasing Agent
City of San Diego, Purchasing and Contracting Division
1200 3rd Avenue, Suite 200
San Diego, CA 92101-4195

ARTICLE III COMPENSATION

3.1 Manner of Payment. Contractor will be paid monthly, in arrears, for goods and/or services provided in accordance with the terms and provisions specified in the Contract.

3.2 Invoices.

3.2.1 Invoice Detail. Contractor's invoice must be on Contractor's stationary with Contractor's name, address, and remittance address if different. Contractor's invoice must have a date, an invoice number, a purchase order number, a description of the goods or services provided, and an amount due.

3.2.2 Service Contracts. Contractor must submit invoices for services to City by the 10th of the month following the month in which Contractor provided services. Invoices must include the address of the location where services were performed and the dates in which services were provided.

3.2.3 Goods Contracts. Contractor must submit invoices for goods to City within seven days of the shipment. Invoices must describe the goods provided.

3.2.4 Parts Contracts. Contractor must submit invoices for parts to City within seven calendar (7) days of the date the parts are shipped. Invoices must include the manufacturer of the part, manufacturer's published list price, percentage discount applied in accordance with Pricing Page(s), the net price to City, and an item description, quantity, and extension.

3.2.5 Extraordinary Work. City will not pay Contractor for extraordinary work unless Contractor receives prior written authorization from the Contract Administrator. Failure to do so will result in payment being withheld for services. If approved, Contractor will include an invoice that describes the work performed and the location where the work was performed, and a copy of the Contract Administrator's written authorization.

3.2.6 Reporting Requirements. Contractor must submit the following reports using the City's web-based contract compliance portal. Incomplete and/or delinquent reports may cause payment delays, non-payment of invoice, or both. For questions, please view the City's online tutorials on how to utilize the City's web-based contract compliance portal.

3.2.6.1 Monthly Employment Utilization Reports. Contractor and Contractor's subcontractors and suppliers must submit Monthly Employment Utilization Reports by the fifth (5th) day of the subsequent month.

3.2.6.2 Monthly Invoicing and Payments. Contractor and Contractor's subcontractors and suppliers must submit Monthly Invoicing and Payment Reports by the fifth (5th) day of the subsequent month.

3.3 Annual Appropriation of Funds. Contractor acknowledges that the Contract term may extend over multiple City fiscal years, and that work and compensation under this Contract is contingent on the City Council appropriating funding for and authorizing such work and compensation for those fiscal years. This Contract may be terminated at the end of the fiscal year for which sufficient funding is not appropriated and authorized. City is not obligated to pay Contractor for any amounts not duly appropriated and authorized by City Council.

3.4 Price Adjustments. Based on Contractor's written request and justification, the City may approve an increase in unit prices on Contractor's pricing pages consistent with the amount requested in the justification in an amount not to exceed the increase in the Consumer Price Index, San Diego Area, for All Urban Customers (CPI-U) as published by the Bureau of Labor Statistics, or 5.0%, whichever is less, during the preceding one year term. If the CPI-U is a negative number, then the unit prices shall not be adjusted for that option year (the unit prices will not be decreased). A negative CPI-U shall be counted against any subsequent increases in the CPI-U when calculating the unit prices for later option years. Contractor must provide such written request and justification no less than sixty days before the date in which City may exercise the option to renew the contract, or sixty days before the anniversary date of the Contract. Justification in support of the written request must include a description of the basis for the adjustment, the proposed effective date and reasons for said date, and the amount of the adjustment requested with documentation to support the requested change (e.g. CPI-U or 5.0%, whichever is less). City's approval of this request must be in writing.

ARTICLE IV SUSPENSION AND TERMINATION

4.1 City's Right to Suspend for Convenience. City may suspend all or any portion of Contractor's performance under this Contract at its sole option and for its convenience for a reasonable period of time not to exceed six (6) months. City must first give ten (10) days' written notice to Contractor of such suspension. City will pay to Contractor a sum equivalent to the reasonable value of the goods and/or services satisfactorily provided up to the date of suspension. City may rescind the suspension prior to or at six (6) months by providing Contractor with written notice of the rescission, at which time Contractor would be required to resume performance in compliance with the terms and provisions of this Contract. Contractor will be entitled to an extension of time to complete performance under the Contract equal to the length of the suspension unless otherwise agreed to in writing by the Parties.

4.2 City's Right to Terminate for Convenience. City may, at its sole option and for its convenience, terminate all or any portion of this Contract by giving thirty (30) days' written notice of such termination to Contractor. The termination of the Contract shall be effective upon receipt of the notice by Contractor. After termination of all or any portion of the Contract, Contractor shall: (1) immediately discontinue all affected performance (unless the notice directs otherwise); and (2) complete any and all additional work necessary for the orderly filing of

documents and closing of Contractor's affected performance under the Contract. After filing of documents and completion of performance, Contractor shall deliver to City all data, drawings, specifications, reports, estimates, summaries, and such other information and materials created or received by Contractor in performing this Contract, whether completed or in process. By accepting payment for completion, filing, and delivering documents as called for in this section, Contractor discharges City of all of City's payment obligations and liabilities under this Contract with regard to the affected performance.

4.3 City's Right to Terminate for Default. Contractor's failure to satisfactorily perform any obligation required by this Contract constitutes a default. Examples of default include a determination by City that Contractor has: (1) failed to deliver goods and/or perform the services of the required quality or within the time specified; (2) failed to perform any of the obligations of this Contract; and (3) failed to make sufficient progress in performance which may jeopardize full performance.

4.3.1 If Contractor fails to satisfactorily cure a default within ten (10) calendar days of receiving written notice from City specifying the nature of the default, City may immediately cancel and/or terminate this Contract, and terminate each and every right of Contractor, and any person claiming any rights by or through Contractor under this Contract.

4.3.2 If City terminates this Contract, in whole or in part, City may procure, upon such terms and in such manner as the Purchasing Agent may deem appropriate, equivalent goods or services and Contractor shall be liable to City for any excess costs. Contractor shall also continue performance to the extent not terminated.

4.4 Termination for Bankruptcy or Assignment for the Benefit of Creditors. If Contractor files a voluntary petition in bankruptcy, is adjudicated bankrupt, or makes a general assignment for the benefit of creditors, the City may at its option and without further notice to, or demand upon Contractor, terminate this Contract, and terminate each and every right of Contractor, and any person claiming rights by and through Contractor under this Contract.

4.5 Contractor's Right to Payment Following Contract Termination.

4.5.1 Termination for Convenience. If the termination is for the convenience of City an equitable adjustment in the Contract price shall be made. No amount shall be allowed for anticipated profit on unperformed services, and no amount shall be paid for an as needed contract beyond the Contract termination date.

4.5.2 Termination for Default. If, after City gives notice of termination for failure to fulfill Contract obligations to Contractor, it is determined that Contractor had not so failed, the termination shall be deemed to have been effected for the convenience of City. In such event, adjustment in the Contract price shall be made as provided in Section 4.3.2. City's rights and remedies are in addition to any other rights and remedies provided by law or under this Contract.

4.6 Remedies Cumulative. City's remedies are cumulative and are not intended to be exclusive of any other remedies or means of redress to which City may be lawfully entitled in case of any breach or threatened breach of any provision of this Contract.

ARTICLE V ADDITIONAL CONTRACTOR OBLIGATIONS

5.1 Inspection and Acceptance. The City will inspect and accept goods provided under this Contract at the shipment destination unless specified otherwise. Inspection will be made and acceptance will be determined by the City department shown in the shipping address of the Purchase Order or other duly authorized representative of City.

5.2 Responsibility for Lost or Damaged Shipments. Contractor bears the risk of loss or damage to goods prior to the time of their receipt and acceptance by City. City has no obligation to accept damaged shipments and reserves the right to return damaged goods, at Contractor's sole expense, even if the damage was not apparent or discovered until after receipt.

5.3 Responsibility for Damages. Contractor is responsible for all damage that occurs as a result of Contractor's fault or negligence or that of its' employees, agents, or representatives in connection with the performance of this Contract. Contractor shall immediately report any such damage to people and/or property to the Contract Administrator.

5.4 Delivery. Delivery shall be made on the delivery day specified in the Contract Documents. The City, in its sole discretion, may extend the time for delivery. The City may order, in writing, the suspension, delay or interruption of delivery of goods and/or services.

5.5 Delay. Unless otherwise specified herein, time is of the essence for each and every provision of the Contract. Contractor must immediately notify City in writing if there is, or it is anticipated that there will be, a delay in performance. The written notice must explain the cause for the delay and provide a reasonable estimate of the length of the delay. City may terminate this Contract as provided herein if City, in its sole discretion, determines the delay is material.

5.5.1 If a delay in performance is caused by any unforeseen event(s) beyond the control of the parties, City may allow Contractor to a reasonable extension of time to complete performance, but Contractor will not be entitled to damages or additional compensation. Any such extension of time must be approved in writing by City. The following conditions may constitute such a delay: war; changes in law or government regulation; labor disputes; strikes; fires, floods, adverse weather or other similar condition of the elements necessitating cessation of the performance; inability to obtain materials, equipment or labor; or other specific reasons agreed to between City and Contractor. This provision does not apply to a delay caused by Contractor's acts or omissions. Contractor is not entitled to an extension of time to perform if a delay is caused by Contractor's inability to obtain materials, equipment, or labor unless City has received, in a timely manner, documentary proof satisfactory to City of Contractor's inability to obtain materials, equipment, or labor, in which case City's approval must be in writing.

5.6 Restrictions and Regulations Requiring Contract Modification. Contractor shall immediately notify City in writing of any regulations or restrictions that may or will require Contractor to alter the material, quality, workmanship, or performance of the goods and/or services to be provided. City reserves the right to accept any such alteration, including any resulting reasonable price adjustments, or to cancel the Contract at no expense to the City.

5.7 Warranties. All goods and/or services provided under the Contract must be warranted by Contractor or manufacturer for at least twelve (12) months after acceptance by City, except automotive equipment. Automotive equipment must be warranted for a minimum of 12,000 miles or 12 months, whichever occurs first, unless otherwise stated in the Contract. Contractor is responsible to City for all warranty service, parts, and labor. Contractor is required to ensure that warranty work is performed at a facility acceptable to City and that services, parts, and labor are available and provided to meet City's schedules and deadlines. Contractor may establish a warranty service contract with an agency satisfactory to City instead of performing the warranty service itself. If Contractor is not an authorized service center and causes any damage to equipment being serviced, which results in the existing warranty being voided, Contractor will be liable for all costs of repairs to the equipment, or the costs of replacing the equipment with new equipment that meets City's operational needs.

5.8 Industry Standards. Contractor shall provide goods and/or services acceptable to City in strict conformance with the Contract. Contractor shall also provide goods and/or services in accordance with the standards customarily adhered to by an experienced and competent provider of the goods and/or services called for under this Contract using the degree of care and skill ordinarily exercised by reputable providers of such goods and/or services. Where approval by City, the Mayor, or other representative of City is required, it is understood to be general approval only and does not relieve Contractor of responsibility for complying with all applicable laws, codes, policies, regulations, and good business practices.

5.9 Records Retention and Examination. Contractor shall retain, protect, and maintain in an accessible location all records and documents, including paper, electronic, and computer records, relating to this Contract for five (5) years after receipt of final payment by City under this Contract. Contractor shall make all such records and documents available for inspection, copying, or other reproduction, and auditing by authorized representatives of City, including the Purchasing Agent or designee. Contractor shall make available all requested data and records at reasonable locations within City or County of San Diego at any time during normal business hours, and as often as City deems necessary. If records are not made available within the City or County of San Diego, Contractor shall pay City's travel costs to the location where the records are maintained and shall pay for all related travel expenses. Failure to make requested records available for inspection, copying, or other reproduction, or auditing by the date requested may result in termination of the Contract. Contractor must include this provision in all subcontracts made in connection with this Contract.

5.9.1 Contractor shall maintain records of all subcontracts entered into with all firms, all project invoices received from Subcontractors and Suppliers, all purchases of materials and services from Suppliers, and all joint venture participation. Records shall show name, telephone number including area code, and business address of each Subcontractor and Supplier, and joint venture partner, and the total amount actually paid to each firm. Project relevant records, regardless of tier, may be periodically reviewed by the City.

5.10 Quality Assurance Meetings. Upon City's request, Contractor shall schedule one or more quality assurance meetings with City's Contract Administrator to discuss Contractor's performance. If requested, Contractor shall schedule the first quality assurance meeting no later than eight (8) weeks from the date of commencement of work under the Contract. At the quality assurance meeting(s), City's Contract Administrator will provide Contractor with feedback, will note any deficiencies in Contract performance, and provide Contractor with an opportunity to address and correct such deficiencies. The total number of quality assurance meetings that may be required by City will depend upon Contractor's performance.

5.11 Duty to Cooperate with Auditor. The City Auditor may, in his sole discretion, at no cost to the City, and for purposes of performing his responsibilities under Charter section 39.2, review Contractor's records to confirm contract compliance. Contractor shall make reasonable efforts to cooperate with Auditor's requests.

5.12 Safety Data Sheets. If specified by City in the solicitation or otherwise required by this Contract, Contractor must send with each shipment one (1) copy of the Safety Data Sheet (SDS) for each item shipped. Failure to comply with this procedure will be cause for immediate termination of the Contract for violation of safety procedures.

5.13 Project Personnel. Except as formally approved by the City, the key personnel identified in Contractor's bid or proposal shall be the individuals who will actually complete the work. Changes in staffing must be reported in writing and approved by the City.

5.13.1 Criminal Background Certification. Contractor certifies that all employees working on this Contract have had a criminal background check and that said employees are clear of any sexual and drug related convictions. Contractor further certifies that all employees hired by Contractor or a subcontractor shall be free from any felony convictions.

5.13.2 Photo Identification Badge. Contractor shall provide a company photo identification badge to any individual assigned by Contractor or subcontractor to perform services or deliver goods on City premises. Such badge must be worn at all times while on City premises. City reserves the right to require Contractor to pay fingerprinting fees for personnel assigned to work in sensitive areas. All employees shall turn in their photo identification badges to Contractor upon completion of services and prior to final payment of invoice.

5.14 Standards of Conduct. Contractor is responsible for maintaining standards of employee competence, conduct, courtesy, appearance, honesty, and integrity satisfactory to the City.

5.14.1 Supervision. Contractor shall provide adequate and competent supervision at all times during the Contract term. Contractor shall be readily available to meet with the City. Contractor shall provide the telephone numbers where its representative(s) can be reached.

5.14.2 City Premises. Contractor's employees and agents shall comply with all City rules and regulations while on City premises.

5.14.3 Removal of Employees. City may request Contractor immediately remove from assignment to the City any employee found unfit to perform duties at the City. Contractor shall comply with all such requests.

5.15 Licenses and Permits. Contractor shall, without additional expense to the City, be responsible for obtaining any necessary licenses, permits, certifications, accreditations, fees and approvals for complying with any federal, state, county, municipal, and other laws, codes, and regulations applicable to Contract performance. This includes, but is not limited to, any laws or regulations requiring the use of licensed contractors to perform parts of the work.

5.16 Contractor and Subcontractor Registration Requirements. Prior to the award of the Contract or Task Order, Contractor and Contractor's subcontractors and suppliers must register with the City's web-based vendor registration and bid management system. The City may not award the Contract until registration of all subcontractors and suppliers is complete. In the event this requirement is not met within the time frame specified by the City, the City reserves the right to rescind the Contract award and to make the award to the next responsive and responsible proposer of bidder.

ARTICLE VI INTELLECTUAL PROPERTY RIGHTS

6.1 Rights in Data. If, in connection with the services performed under this Contract, Contractor or its employees, agents, or subcontractors, create artwork, audio recordings, blueprints, designs, diagrams, documentation, photographs, plans, reports, software, source code, specifications, surveys, system designs, video recordings, or any other original works of authorship, whether written or readable by machine (Deliverable Materials), all rights of Contractor or its subcontractors in the Deliverable Materials, including, but not limited to publication, and registration of copyrights, and trademarks in the Deliverable Materials, are the sole property of City. Contractor, including its employees, agents, and subcontractors, may not use any Deliverable Material for purposes unrelated to Contractor's work on behalf of the City without prior written consent of City. Contractor may not publish or reproduce any Deliverable Materials, for purposes unrelated to Contractor's work on behalf of the City, without the prior written consent of the City.

6.2 Intellectual Property Rights Assignment. For no additional compensation, Contractor hereby assigns to City all of Contractor's rights, title, and interest in and to the content of the Deliverable Materials created by Contractor or its employees, agents, or subcontractors, including copyrights, in connection with the services performed under this Contract. Contractor

shall promptly execute and deliver, and shall cause its employees, agents, and subcontractors to promptly execute and deliver, upon request by the City or any of its successors or assigns at any time and without further compensation of any kind, any power of attorney, assignment, application for copyright, patent, trademark or other intellectual property right protection, or other papers or instruments which may be necessary or desirable to fully secure, perfect or otherwise protect to or for the City, its successors and assigns, all right, title and interest in and to the content of the Deliverable Materials. Contractor also shall cooperate and assist in the prosecution of any action or opposition proceeding involving such intellectual property rights and any adjudication of those rights.

6.3 Contractor Works. Contractor Works means tangible and intangible information and material that: (a) had already been conceived, invented, created, developed or acquired by Contractor prior to the effective date of this Contract; or (b) were conceived, invented, created, or developed by Contractor after the effective date of this Contract, but only to the extent such information and material do not constitute part or all of the Deliverable Materials called for in this Contract. All Contractor Works, and all modifications or derivatives of such Contractor Works, including all intellectual property rights in or pertaining to the same, shall be owned solely and exclusively by Contractor.

6.4 Subcontracting. In the event that Contractor utilizes a subcontractor(s) for any portion of the work that comprises the whole or part of the specified Deliverable Materials to the City, the agreement between Contractor and the subcontractor shall include a statement that identifies the Deliverable Materials as a “works for hire” as described in the United States Copyright Act of 1976, as amended, and that all intellectual property rights in the Deliverable Materials, whether arising in copyright, trademark, service mark or other forms of intellectual property rights, belong to and shall vest solely with the City. Further, the agreement between Contractor and its subcontractor shall require that the subcontractor, if necessary, shall grant, transfer, sell and assign, free of charge, exclusively to City, all titles, rights and interests in and to the Deliverable Materials, including all copyrights, trademarks and other intellectual property rights. City shall have the right to review any such agreement for compliance with this provision.

6.5 Intellectual Property Warranty and Indemnification. Contractor represents and warrants that any materials or deliverables, including all Deliverable Materials, provided under this Contract are either original, or not encumbered, and do not infringe upon the copyright, trademark, patent or other intellectual property rights of any third party, or are in the public domain. If Deliverable Materials provided hereunder become the subject of a claim, suit or allegation of copyright, trademark or patent infringement, City shall have the right, in its sole discretion, to require Contractor to produce, at Contractor’s own expense, new non-infringing materials, deliverables or works as a means of remedying any claim of infringement in addition to any other remedy available to the City under law or equity. Contractor further agrees to indemnify, defend, and hold harmless the City, its officers, employees and agents from and against any and all claims, actions, costs, judgments or damages, of any type, alleging or threatening that any Deliverable Materials, supplies, equipment, services or works provided under this contract infringe the copyright, trademark, patent or other intellectual property or proprietary rights of any third party (Third Party Claim of Infringement). If a Third Party Claim

of Infringement is threatened or made before Contractor receives payment under this Contract, City shall be entitled, upon written notice to Contractor, to withhold some or all of such payment.

6.6 Software Licensing. Contractor represents and warrants that the software, if any, as delivered to City, does not contain any program code, virus, worm, trap door, back door, time or clock that would erase data or programming or otherwise cause the software to become inoperable, inaccessible, or incapable of being used in accordance with its user manuals, either automatically, upon the occurrence of licensor-selected conditions or manually on command. Contractor further represents and warrants that all third party software, delivered to City or used by Contractor in the performance of the Contract, is fully licensed by the appropriate licensor.

6.7 Publication. Contractor may not publish or reproduce any Deliverable Materials, for purposes unrelated to Contractor's work on behalf of the City without prior written consent from the City.

6.8 Royalties, Licenses, and Patents. Unless otherwise specified, Contractor shall pay all royalties, license, and patent fees associated with the goods that are the subject of this solicitation. Contractor warrants that the goods, materials, supplies, and equipment to be supplied do not infringe upon any patent, trademark, or copyright, and further agrees to defend any and all suits, actions and claims for infringement that are brought against the City, and to defend, indemnify and hold harmless the City, its elected officials, officers, and employees from all liability, loss and damages, whether general, exemplary or punitive, suffered as a result of any actual or claimed infringement asserted against the City, Contractor, or those furnishing goods, materials, supplies, or equipment to Contractor under the Contract.

ARTICLE VII INDEMNIFICATION AND INSURANCE

7.1 Indemnification. To the fullest extent permitted by law, Contractor shall defend (with legal counsel reasonably acceptable to City), indemnify, protect, and hold harmless City and its elected officials, officers, employees, agents, and representatives (Indemnified Parties) from and against any and all claims, losses, costs, damages, injuries (including, without limitation, injury to or death of an employee of Contractor or its subcontractors), expense, and liability of every kind, nature and description (including, without limitation, incidental and consequential damages, court costs, and litigation expenses and fees of expert consultants or expert witnesses incurred in connection therewith and costs of investigation) that arise out of, pertain to, or relate to, directly or indirectly, in whole or in part, any goods provided or performance of services under this Contract by Contractor, any subcontractor, anyone directly or indirectly employed by either of them, or anyone that either of them control. Contractor's duty to defend, indemnify, protect and hold harmless shall not include any claims or liabilities arising from the sole negligence or willful misconduct of the Indemnified Parties.

7.2 Insurance. Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or

in connection with the performance of the work hereunder and the results of that work by Contractor, his agents, representatives, employees or subcontractors.

Contractor shall provide, at a minimum, the following:

7.2.1 Commercial General Liability. Insurance Services Office Form CG 00 01 covering CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury, and personal and advertising injury with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.

7.2.2 Commercial Automobile Liability. Insurance Services Office Form Number CA 0001 covering Code 1 (any auto) or, if Contractor has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than \$1,000,000 per accident for bodily injury and property damage.

7.2.3 Workers' Compensation. Insurance as required by the State of California, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.

7.2.4 Professional Liability (Errors and Omissions). For consultant contracts, insurance appropriate to Consultant’s profession, with limit no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.

If Contractor maintains broader coverage and/or higher limits than the minimums shown above, City requires and shall be entitled to the broader coverage and/or the higher limits maintained by Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to City.

7.2.5 Other Insurance Provisions. The insurance policies are to contain, or be endorsed to contain, the following provisions:

7.2.5.1 Additional Insured Status. The City, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to Contractor’s insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 if a later edition is used).

7.2.5.2 Primary Coverage. For any claims related to this contract, Contractor's insurance coverage shall be primary coverage at least as broad as ISO CG 20 01 04 13 as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by City, its officers, officials, employees, or volunteers shall be excess of Contractor's insurance and shall not contribute with it.

7.2.5.3 Notice of Cancellation. Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to City.

7.2.5.4 Waiver of Subrogation. Contractor hereby grants to City a waiver of any right to subrogation which the Workers' Compensation insurer of said Contractor may acquire against City by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.

7.2.5.5 Claims Made Policies (applicable only to professional liability). The Retroactive Date must be shown, and must be before the date of the contract or the beginning of contract work. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, Contractor must purchase "extended reporting" coverage for a minimum of five (5) years after completion of work.

7.3 Self Insured Retentions. Self-insured retentions must be declared to and approved by City. City may require Contractor to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City.

7.4 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A-VI, unless otherwise acceptable to City.

City will accept insurance provided by non-admitted, "surplus lines" carriers only if the carrier is authorized to do business in the State of California and is included on the List of Approved Surplus Lines Insurers (LASLI list). All policies of insurance carried by non-admitted carriers are subject to all of the requirements for policies of insurance provided by admitted carriers described herein.

7.5 Verification of Coverage. Contractor shall furnish City with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive Contractor's obligation to provide them. City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

7.6 Special Risks or Circumstances. City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

7.7 Additional Insurance. Contractor may obtain additional insurance not required by this Contract.

7.8 Excess Insurance. All policies providing excess coverage to City shall follow the form of the primary policy or policies including but not limited to all endorsements.

7.9 Subcontractors. Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that City is an additional insured on insurance required from subcontractors. For CGL coverage, subcontractors shall provide coverage with a format at least as broad as the CG 20 38 04 13 endorsement.

ARTICLE VIII BONDS

8.1 Payment and Performance Bond. Prior to the execution of this Contract, City may require Contractor to post a payment and performance bond (Bond). The Bond shall guarantee Contractor's faithful performance of this Contract and assure payment to contractors, subcontractors, and to persons furnishing goods and/or services under this Contract.

8.1.1 Bond Amount. The Bond shall be in a sum equal to twenty-five percent (25%) of the Contract amount, unless otherwise stated in the Specifications. City may file a claim against the Bond if Contractor fails or refuses to fulfill the terms and provisions of the Contract.

8.1.2 Bond Term. The Bond shall remain in full force and effect at least until complete performance of this Contract and payment of all claims for materials and labor, at which time it will convert to a ten percent (10%) warranty bond, which shall remain in place until the end of the warranty periods set forth in this Contract. The Bond shall be renewed annually, at least sixty (60) days in advance of its expiration, and Contractor shall provide timely proof of annual renewal to City.

8.1.3 Bond Surety. The Bond must be furnished by a company authorized by the State of California Department of Insurance to transact surety business in the State of California and which has a current A.M. Best rating of at least "A-, VIII."

8.1.4 Non-Renewal or Cancellation. The Bond must provide that City and Contractor shall be provided with sixty (60) days' advance written notice in the event of non-renewal, cancellation, or material change to its terms. In the event of non-renewal, cancellation, or material change to the Bond terms, Contractor shall provide City with evidence of the new source of surety within twenty-one (21) calendar days after the date of the notice of non-renewal, cancellation, or material change. Failure to maintain the Bond, as required herein, in full force

and effect as required under this Contract, will be a material breach of the Contract subject to termination of the Contract.

8.2 Alternate Security. City may, at its sole discretion, accept alternate security in the form of an endorsed certificate of deposit, a money order, a certified check drawn on a solvent bank, or other security acceptable to the Purchasing Agent in an amount equal to the required Bond.

ARTICLE IX CITY-MANDATED CLAUSES AND REQUIREMENTS

9.1 Contractor Certification of Compliance. By signing this Contract, Contractor certifies that Contractor is aware of, and will comply with, these City-mandated clauses throughout the duration of the Contract.

9.1.1 Drug-Free Workplace Certification. Contractor shall comply with City's Drug-Free Workplace requirements set forth in Council Policy 100-17, which is incorporated into the Contract by this reference.

9.1.2 Contractor Certification for Americans with Disabilities Act (ADA) and State Access Laws and Regulations: Contractor shall comply with all accessibility requirements under the ADA and under Title 24 of the California Code of Regulations (Title 24). When a conflict exists between the ADA and Title 24, Contractor shall comply with the most restrictive requirement (i.e., that which provides the most access). Contractor also shall comply with the City's ADA Compliance/City Contractors requirements as set forth in Council Policy 100-04, which is incorporated into this Contract by reference. Contractor warrants and certifies compliance with all federal and state access laws and regulations and further certifies that any subcontract agreement for this contract contains language which indicates the subcontractor's agreement to abide by the provisions of the City's Council Policy and any applicable access laws and regulations.

9.1.3 Non-Discrimination Requirements.

9.1.3.1 Compliance with City's Equal Opportunity Contracting Program (EOCP). Contractor shall comply with City's EOCP Requirements. Contractor shall not discriminate against any employee or applicant for employment on any basis prohibited by law. Contractor shall provide equal opportunity in all employment practices. Prime Contractors shall ensure that their subcontractors comply with this program. Nothing in this Section shall be interpreted to hold a Prime Contractor liable for any discriminatory practice of its subcontractors.

9.1.3.2 Non-Discrimination Ordinance. Contractor shall not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring or treatment of subcontractors, vendors or suppliers. Contractor shall provide equal opportunity for subcontractors to participate in subcontracting opportunities. Contractor understands and agrees that violation of this clause shall be considered a material breach of the Contract and may result

in Contract termination, debarment, or other sanctions. Contractor shall ensure that this language is included in contracts between Contractor and any subcontractors, vendors and suppliers.

9.1.3.3 Compliance Investigations. Upon City's request, Contractor agrees to provide to City, within sixty calendar days, a truthful and complete list of the names of all subcontractors, vendors, and suppliers that Contractor has used in the past five years on any of its contracts that were undertaken within San Diego County, including the total dollar amount paid by Contractor for each subcontract or supply contract. Contractor further agrees to fully cooperate in any investigation conducted by City pursuant to City's Nondiscrimination in Contracting Ordinance. Contractor understands and agrees that violation of this clause shall be considered a material breach of the Contract and may result in Contract termination, debarment, and other sanctions.

9.1.4 Equal Benefits Ordinance Certification. Unless an exception applies, Contractor shall comply with the Equal Benefits Ordinance (EBO) codified in the San Diego Municipal Code (SDMC). Failure to maintain equal benefits is a material breach of the Contract.

9.1.5 Contractor Standards. Contractor shall comply with Contractor Standards provisions codified in the SDMC. Contractor understands and agrees that violation of Contractor Standards may be considered a material breach of the Contract and may result in Contract termination, debarment, and other sanctions.

9.1.6 Noise Abatement. Contractor shall operate, conduct, or construct without violating the City's Noise Abatement Ordinance codified in the SDMC.

9.1.7 Storm Water Pollution Prevention Program. Contractor shall comply with the City's Storm Water Management and Discharge Control provisions codified in Division 3 of Chapter 4 of the SDMC, as may be amended, and any and all applicable Best Management Practice guidelines and pollution elimination requirements in performing or delivering services at City owned, leased, or managed property, or in performance of services and activities on behalf of City regardless of location.

Contractor shall comply with the City's Jurisdictional Urban Runoff Management Plan encompassing Citywide programs and activities designed to prevent and reduce storm water pollution within City boundaries as adopted by the City Council on January 22, 2008, via Resolution No. 303351, as may be amended.

Contractor shall comply with each City facility or work site's Storm Water Pollution Prevention Plan, as applicable, and institute all controls needed while completing the services to minimize any negative impact to the storm water collection system and environment.

9.1.8 Service Worker Retention Ordinance. If applicable, Contractor shall comply with the Service Worker Retention Ordinance (SWRO) codified in the SDMC.

9.1.9 Product Endorsement. Contractor shall comply with Council Policy 000-41 which requires that other than listing the City as a client and other limited endorsements, any advertisements, social media, promotions or other marketing referring to the City as a user of a product or service will require prior written approval of the Mayor or designee. Use of the City Seal or City logos is prohibited.

9.1.10 Business Tax Certificate. Unless the City Treasurer determines in writing that a contractor is exempt from the payment of business tax, any contractor doing business with the City of San Diego is required to obtain a Business Tax Certificate (BTC) and to provide a copy of its BTC to the City before a Contract is executed.

9.1.11 Equal Pay Ordinance. Unless an exception applies, Contractor shall comply with the Equal Pay Ordinance codified in San Diego Municipal Code sections 22.4801 through 22.4809. Contractor shall certify in writing that it will comply with the requirements of the EPO.

9.1.11.1 Contractor and Subcontract Requirement. The Equal Pay Ordinance applies to any subcontractor who performs work on behalf of a Contractor to the same extent as it would apply to that Contractor. Any Contractor subject to the Equal Pay Ordinance shall require all of its subcontractors to certify compliance with the Equal Pay Ordinance in its written subcontracts.

ARTICLE X CONFLICT OF INTEREST AND VIOLATIONS OF LAW

10.1 Conflict of Interest Laws. Contractor is subject to all federal, state and local conflict of interest laws, regulations, and policies applicable to public contracts and procurement practices including, but not limited to, California Government Code sections 1090, *et. seq.* and 81000, *et. seq.*, and the Ethics Ordinance, codified in the SDMC. City may determine that Contractor must complete one or more statements of economic interest disclosing relevant financial interests. Upon City's request, Contractor shall submit the necessary documents to City.

10.2 Contractor's Responsibility for Employees and Agents. Contractor is required to establish and make known to its employees and agents appropriate safeguards to prohibit employees from using their positions for a purpose that is, or that gives the appearance of being, motivated by the desire for private gain for themselves or others, particularly those with whom they have family, business or other relationships.

10.3 Contractor's Financial or Organizational Interests. In connection with any task, Contractor shall not recommend or specify any product, supplier, or contractor with whom Contractor has a direct or indirect financial or organizational interest or relationship that would violate conflict of interest laws, regulations, or policies.

10.4 Certification of Non-Collusion. Contractor certifies that: (1) Contractor's bid or proposal was not made in the interest of or on behalf of any person, firm, or corporation not identified; (2) Contractor did not directly or indirectly induce or solicit any other bidder or proposer to put in a sham bid or proposal; (3) Contractor did not directly or indirectly induce or

solicit any other person, firm or corporation to refrain from bidding; and (4) Contractor did not seek by collusion to secure any advantage over the other bidders or proposers.

10.5 Hiring City Employees. This Contract shall be unilaterally and immediately terminated by City if Contractor employs an individual who within the twelve (12) months immediately preceding such employment did in his/her capacity as a City officer or employee participate in negotiations with or otherwise have an influence on the selection of Contractor.

ARTICLE XI DISPUTE RESOLUTION

11.1 Mediation. If a dispute arises out of or relates to this Contract and cannot be settled through normal contract negotiations, Contractor and City shall use mandatory non-binding mediation before having recourse in a court of law.

11.2 Selection of Mediator. A single mediator that is acceptable to both parties shall be used to mediate the dispute. The mediator will be knowledgeable in the subject matter of this Contract, if possible.

11.3 Expenses. The expenses of witnesses for either side shall be paid by the party producing such witnesses. All other expenses of the mediation, including required traveling and other expenses of the mediator, and the cost of any proofs or expert advice produced at the direct request of the mediator, shall be borne equally by the parties, unless they agree otherwise.

11.4 Conduct of Mediation Sessions. Mediation hearings will be conducted in an informal manner and discovery will not be allowed. The discussions, statements, writings and admissions will be confidential to the proceedings (pursuant to California Evidence Code sections 1115 through 1128) and will not be used for any other purpose unless otherwise agreed by the parties in writing. The parties may agree to exchange any information they deem necessary. Both parties shall have a representative attend the mediation who is authorized to settle the dispute, though City's recommendation of settlement may be subject to the approval of the Mayor and City Council. Either party may have attorneys, witnesses or experts present.

11.5 Mediation Results. Any agreements resulting from mediation shall be memorialized in writing. The results of the mediation shall not be final or binding unless otherwise agreed to in writing by the parties. Mediators shall not be subject to any subpoena or liability, and their actions shall not be subject to discovery.

ARTICLE XII MANDATORY ASSISTANCE

12.1 Mandatory Assistance. If a third party dispute or litigation, or both, arises out of, or relates in any way to the services provided to the City under a Contract, Contractor, its agents, officers, and employees agree to assist in resolving the dispute or litigation upon City's request. Contractor's assistance includes, but is not limited to, providing professional consultations,

attending mediations, arbitrations, depositions, trials or any event related to the dispute resolution and/or litigation.

12.2 Compensation for Mandatory Assistance. City will compensate Contractor for fees incurred for providing Mandatory Assistance. If, however, the fees incurred for the Mandatory Assistance are determined, through resolution of the third party dispute or litigation, or both, to be attributable in whole, or in part, to the acts or omissions of Contractor, its agents, officers, and employees, Contractor shall reimburse City for all fees paid to Contractor, its agents, officers, and employees for Mandatory Assistance.

12.3 Attorneys' Fees Related to Mandatory Assistance. In providing City with dispute or litigation assistance, Contractor or its agents, officers, and employees may incur expenses and/or costs. Contractor agrees that any attorney fees it may incur as a result of assistance provided under Section 12.2 are not reimbursable.

ARTICLE XIII MISCELLANEOUS

13.1 Headings. All headings are for convenience only and shall not affect the interpretation of this Contract.

13.2 Non-Assignment. Contractor may not assign the obligations under this Contract, whether by express assignment or by sale of the company, nor any monies due or to become due under this Contract, without City's prior written approval. Any assignment in violation of this paragraph shall constitute a default and is grounds for termination of this Contract at the City's sole discretion. In no event shall any putative assignment create a contractual relationship between City and any putative assignee.

13.3 Independent Contractors. Contractor and any subcontractors employed by Contractor are independent contractors and not agents of City. Any provisions of this Contract that may appear to give City any right to direct Contractor concerning the details of performing or providing the goods and/or services, or to exercise any control over performance of the Contract, shall mean only that Contractor shall follow the direction of City concerning the end results of the performance.

13.4 Subcontractors. All persons assigned to perform any work related to this Contract, including any subcontractors, are deemed to be employees of Contractor, and Contractor shall be directly responsible for their work.

13.5 Covenants and Conditions. All provisions of this Contract expressed as either covenants or conditions on the part of City or Contractor shall be deemed to be both covenants and conditions.

13.6 Compliance with Controlling Law. Contractor shall comply with all applicable local, state, and federal laws, regulations, and policies. Contractor's act or omission in violation of applicable local, state, and federal laws, regulations, and policies is grounds for contract

termination. In addition to all other remedies or damages allowed by law, Contractor is liable to City for all damages, including costs for substitute performance, sustained as a result of the violation. In addition, Contractor may be subject to suspension, debarment, or both.

13.7 Governing Law. The Contract shall be deemed to be made under, construed in accordance with, and governed by the laws of the State of California without regard to the conflicts or choice of law provisions thereof.

13.8 Venue. The venue for any suit concerning solicitations or the Contract, the interpretation of application of any of its terms and conditions, or any related disputes shall be in the County of San Diego, State of California.

13.9 Successors in Interest. This Contract and all rights and obligations created by this Contract shall be in force and effect whether or not any parties to the Contract have been succeeded by another entity, and all rights and obligations created by this Contract shall be vested and binding on any party's successor in interest.

13.10 No Waiver. No failure of either City or Contractor to insist upon the strict performance by the other of any covenant, term or condition of this Contract, nor any failure to exercise any right or remedy consequent upon a breach of any covenant, term, or condition of this Contract, shall constitute a waiver of any such breach of such covenant, term or condition. No waiver of any breach shall affect or alter this Contract, and each and every covenant, condition, and term hereof shall continue in full force and effect without respect to any existing or subsequent breach.

13.11 Severability. The unenforceability, invalidity, or illegality of any provision of this Contract shall not render any other provision of this Contract unenforceable, invalid, or illegal.

13.12 Drafting Ambiguities. The parties acknowledge that they have the right to be advised by legal counsel with respect to the negotiations, terms and conditions of this Contract, and the decision of whether to seek advice of legal counsel with respect to this Contract is the sole responsibility of each party. This Contract shall not be construed in favor of or against either party by reason of the extent to which each party participated in the drafting of the Contract.

13.13 Amendments. Neither this Contract nor any provision hereof may be changed, modified, amended or waived except by a written agreement executed by duly authorized representatives of City and Contractor. Any alleged oral amendments have no force or effect. The Purchasing Agent must sign all Contract amendments.

13.14 Conflicts Between Terms. If this Contract conflicts with an applicable local, state, or federal law, regulation, or court order, applicable local, state, or federal law, regulation, or court order shall control. Varying degrees of stringency among the main body of this Contract, the exhibits or attachments, and laws, regulations, or orders are not deemed conflicts, and the most stringent requirement shall control. Each party shall notify the other immediately upon the identification of any apparent conflict or inconsistency concerning this Contract.

13.15 Survival of Obligations. All representations, indemnifications, warranties, and guarantees made in, required by, or given in accordance with this Contract, as well as all continuing obligations indicated in this Contract, shall survive, completion and acceptance of performance and termination, expiration or completion of the Contract.

13.16 Confidentiality of Services. All services performed by Contractor, and any sub-contractor(s) if applicable, including but not limited to all drafts, data, information, correspondence, proposals, reports of any nature, estimates compiled or composed by Contractor, are for the sole use of City, its agents, and employees. Neither the documents nor their contents shall be released by Contractor or any subcontractor to any third party without the prior written consent of City. This provision does not apply to information that: (1) was publicly known, or otherwise known to Contractor, at the time it was disclosed to Contractor by City; (2) subsequently becomes publicly known through no act or omission of Contractor; or (3) otherwise becomes known to Contractor other than through disclosure by City.

13.17 Insolvency. If Contractor enters into proceedings relating to bankruptcy, whether voluntary or involuntary, Contractor agrees to furnish, by certified mail or electronic commerce method authorized by the Contract, written notification of the bankruptcy to the Purchasing Agent and the Contract Administrator responsible for administering the Contract. This notification shall be furnished within five (5) days of the initiation of the proceedings relating to bankruptcy filing. This notification shall include the date on which the bankruptcy petition was filed, the identity of the court in which the bankruptcy petition was filed, and a listing of City contract numbers and contracting offices for all City contracts against which final payment has not been made. This obligation remains in effect until final payment is made under this Contract.

13.18 No Third Party Beneficiaries. Except as may be specifically set forth in this Contract, none of the provisions of this Contract are intended to benefit any third party not specifically referenced herein. No party other than City and Contractor shall have the right to enforce any of the provisions of this Contract.

13.19 Actions of City in its Governmental Capacity. Nothing in this Contract shall be interpreted as limiting the rights and obligations of City in its governmental or regulatory capacity.



Moody Associates, P.A.

**Request for proposal (RFP): for Accounts Payable
Recovery Audit Services
Invitation Number: 10089745-21-V**

MOODY
ASSOCIATES, P. A.

Certified Public Accountants
Recovery Audit Specialists

April 5, 2021

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EXECUTIVE SUMMARY:

Founded in 2002 and headquartered in Mount Pleasant, South Carolina, Moody Associates, P.A. (M&A) is a CPA and consulting firm that specializes in all aspects of Recovery Auditing, Unclaimed Property Consulting, Contract Compliance Auditing, and Master File Analysis surrounding the procure to pay cycle and is focused on providing our global Client base with measurable business results. As Certified Public Accountants with former Big 5 audit and industry backgrounds, including but not limited to manufacturing, healthcare, financial services, higher education, and government, our comprehensive understanding of the internal control environment allows us to dig deeper to recover more than just the “low hanging fruit.” M&A is virtually the only CPA firm in the United States offering these services globally which serves a significant competitive advantage with auditing contracts in that many contracts stipulate in the right-to-audit clause that a CPA firm must be utilized to conduct the respective audit.

M&A believes that we meet the requirements of this RFP at a very high level, and we are the best Team to maximize your recoveries and provide practical, actionable recommendations to reduce payment errors on a go-forward basis. M&A takes great pride in having brought successful Accounts Payable Recovery Audit, Sales and Use Tax Audit, and Vendor Master Analysis services to San Diego in 2012 and we have a strong desire to continue our partnership with San Diego.

Since our inception, M&A has delivered superior results to global entities with highly complex financial operations. While M&A has been performing this type of work for more than 19 years; all Directors and a large percentage of employees have provided years of similar work under prior employers. We have planned, staffed, supervised, and trained the appropriate personnel and simultaneously produced superior results for Clients including DuPont, Nestlé, Newell Brands, US Foods, Hospital Corporation of America, Univision, and many others.

Your organization, as well as your supplier base, understands that conducting recovery audits is an industry best practice. Approaching 3rd parties with valid, complete claims, accompanied by all supporting documentation is the best way to preserve relationships. We feel that our quality control process, coupled with staffing our CPA firm with experienced accountants that understand the internal control process, allows us to effectively and efficiently recover funds owed our Clients’ while maintaining and enhancing existing payee relationships.

One of the many benefits of engaging our CPA firm is the fact that all Directors and the Chief Operating Officer will be heavily involved and have hands-on involvement on a daily basis. Our Team has a proven track record of maximizing our Clients recoveries, providing actionable reporting, and exceptional customer service which has resulted in successful, long term partnerships with world class organizations. We encourage you to reach out to our Clients, who we view as our best sales people, and ask them about the level of interaction and customer service our Senior Management Team, Donald Moody and Garrett Dieck, have provided. Although we are a small firm by definition, we do big things for major Clients and we would be proud to perform another successful audit for The City of San Diego (San Diego).

M&A professionals have the full capability to meet and exceed each point listed in the Scope of Work Section. For your reference, we have provided detailed responses for each bullet point, as well as the sub-bullet points associated with (D) Core Requirements. Please note that the implementation plan, in connection with (H), will include some overlapping information.

A. BACKGROUND

The primary audit objective is to identify, confirm, and recover overpayments made by San Diego when paying suppliers' invoices for the period January 1, 2018 - current. The review will identify payment errors including, but not limited to duplicate payments, overpayments, other open credits, missed discounts, and contract price variances.

Based upon our prior audit for San Diego and current average annual non-payroll disbursements and transaction count of \$2B and 120K, respectively, upon selection as San Diego's service provider, we estimate that if the work starts July 1, 2021, the objectives can be substantially accomplished by November 1, 2021 (4 months). Although we feel that the audit should be completed in a 3.5-month period, M&A built in 2 weeks to account for potential slower vendor response rates related to COVID. It should be noted that occasionally the recovery stage can extend a few months beyond the completion of all other steps, depending on the amount of recovery versus spend amount with certain vendors or the length of time it takes to obtain a refund check.

As approximately 65% of M&A's Client base utilizes SAP, we have developed seamless, secure procedures with regard to working with our Client IT Group's to obtain the data required for the review. At the onset of the engagement, M&A will provide San Diego with a very specific SAP data request (**Appendix I: SAP Functional Specification**) detailing the layout of the paid history files, the vendor files, and the purchase order files required for the review. M&A's IT Department will work hand in hand with San Diego in obtaining the data required for the Accounts Payable Recovery Audit.

M&A's audits are designed to be minimally intrusive to all parties and to the extent we can obtain remote access to SAP (read only access for the FBL1N t-code) and the San Diego imaging system the audit can be completed off-site. Having remote access, either through a secure VPN or obtain a fully configured San Diego laptop, will enable the audit team to track claims through the system which significantly reduces the amount of time spent on the review by San Diego personnel.

B. OBJECTIVE

As our references will attest to, M&A is confident that our end-to-end service offerings, which encompass all key aspects of the procure-to-pay process, will represent the best overall value to San Diego. Our philosophy is centered on maximizing your recoveries, providing a root cause analysis for each identified and confirmed overpayment, and providing management reports with real, practical recommendations which will allow San Diego to enhance monitoring and controls as well as minimize future lost profits. We do this by providing an unparalleled level of customer service which allows us to consistently exceed the expectations of our Clients while keeping their staff's time to a minimum throughout the project.

M&A consistently delivers superior results, in terms of maximizing recoveries and providing value-added management reports, to organizations of similar size, scope, and scale to San Diego. We have planned, staffed, supervised, and trained the appropriate personnel, on a global basis, and simultaneously produced superior results for Clients including Nestlé, DuPont, Newell Rubbermaid, Hospital Corporation of America (HCA), and many others.

To the extent San Diego decides to move forward with a Contract Compliance Review, M&A is uniquely positioned here as a key advantage of being organized as a CPA firm, with regard to auditing contracts, is that many contracts stipulate in the right-to-audit clause that a CPA firm must be utilized to conduct the audit. M&A's extensive experience includes conducting supplier audits for several Clients in various industries and crossing many supplier and contract types. Our supplier audit experience consists of both domestic and international audits, for a broad range of supplier and contract types, including, but not limited to advertising, call centers, collection agencies, health care, lease (real and personal property), manufacturing, marketing, retail, outsource, partnerships, professional services, raw materials, staffing, technology, and telecommunications agreements. These supplier types had a wide range of pricing, terms and conditions including: allowances, cost plus, time and materials, incentive based, most favored customer, price list, managed to rates, rebates, tiered rates and more.

To the extent San Diego decides to move forward with a Sales and Use Tax Audit and/or a Utility Audit, M&A will utilize highly qualified subcontractors. As pursuit of savings/refund opportunities in these areas involves procedures that are unique in nature, we have determined the best course of action is to utilize additional specialists.

In short, you will have a highly experienced and specialized team of professionals dedicated to maximizing the identification of legitimate claims and recovering these claims. These professionals support our goal to be a trusted partner of City of San Diego, where we can earn additional and repeat business from you, as well as, referrals.

C. PRECLUDED PARTICIPATION

M&A understands that real or perceived conflicts of interest are a serious issue. We believe it may be appropriate to exclude the successful Contractor from certain future solicitations or contracts that result, directly or indirectly, from this RFP. We will comply with all mandates set forth by San Diego.

Accordingly, M&A feels that there are value-added audit services that can be provided to San Diego following the Accounts Payable audit where no conflict of interest would exist and if appropriate, we will present those services for consideration.

D. CORE REQUIREMENTS

1. Pre-Audit Planning Meeting

Within 10 business days after receipt of the Notice to Proceed, M&A will coordinate a pre-audit meeting which will take place by teleconference. To the extent COVID restrictions are relaxed and San Diego

would prefer an on-site visit, we will make arrangements accordingly. M&A routinely conducts pre-audit planning meetings as part of our engagement process. The pre-audit meeting allows us to accomplish critical administrative tasks and also allows us to obtain an understanding of the operating environment. Based on the results of these meetings, we will develop a formal work plan, refine our staffing requirements and specifically tailor our work program to conform to San Diego’s operating environment. **Please see Attachment I, Sample Kick-Off Meeting Agenda.**

2. Work Plan

The final, published work plan will contain the procedures and tasks to be performed as well as the related timeline. The work plan will be updated based on the results of the kick-off meeting. Once the audit timeline is set, M&A will adhere to the timeline and all milestones and finalize the audit on time. **Please see Attachment II, Contractors Implementation Plan Supplement**

3. Comprehensive Analysis

M&A’s well-planned audits are non-intrusive, with the majority of the work being performed at our office, and they are designed to keep our Client’s investment in time to a minimum (typically 30-45 minutes per week). We have received many compliments from our Clients that attest to this.

There will be minimal involvement of San Diego employees. The following table illustrates each department that M&A will interact with, the task(s) and specific activities involved and the time requirements.

Department	Task	Activities	Timing
IT	Data Extract	Draft Functional Spec.	½ Day
		Develop Extract	1 Day
		Test Data/Send File	½ Day
Accounts Payable	Processing Claims	Weekly Claims Processing	30-45 Minutes/Week
Purchasing	Contract Review	Discuss Relevant Issues	½ Hour

The time requirement for the Accounts Payable Department, based upon prior auditing experience, approximates 30-45 minutes per week. Activities involved with weekly claims processing include but are not necessarily limited to, entering claims where a vendor has confirmed an incorrect payment and instructed San Diego to deduct, tracking weekly reports provided by M&A and communicating with M&A management.

Data Analysis

M&A's high level of success comes through the combination of our experienced accountants and specialists and leveraging our auditing tool Galvanize (formerly ACL- Audit Command Language).

Galvanize is not limited by file size and allows M&A auditors to reach data from virtually any source, across any system, through a consistent user interface—whether housed in mainframes, servers, legacy systems, or PC networks. By independently comparing and analyzing data from ERP, P-Card, or other enterprise applications, Galvanize technology enables us to gain immediate insight into the transactional data underlying their business processes and financial reporting. We utilize advanced Visual Basic applications in Microsoft Access and Excel for reporting purposes.

It is important to note that this software alone does not produce recoveries; rather, experienced auditors leveraging this technology maximizes Client recoveries. We believe that our ability to maximize our Client's recoveries is based upon the combination of our experienced Accountants, who take the time to gain a solid understanding of our Clients business practices, and leveraging our audit tool, Galvanize.

M&A has a duplicate rule set that consists of 57 business rules. The rules use a combination of comparisons on fields contained in an invoice header file with varying types of data (i.e. dates, numbers, text, etc.) to determine potential matching transactions. The rules incorporate false positive reduction algorithms. The rules focus on additional fields such as Purchase Order Number to verify that matching transactions do not have the same PO Number or that one of the PO Numbers is blank. Additionally, the duplicate rules verify split payments and credits to properly account for all transactions and minimize false positives, thereby increasing the efficiency of the audit.

Simultaneously, we will request statements from San Diego vendors (Appendix II: Statement Request Letter Template). This step not only notifies the vendors that they are under audit, it also helps our auditors to more clearly understand their invoicing methodology. If vendor credits are reflected on these statements and are not reflected in the San Diego SAP system, we will determine the root cause of the credit and why the San Diego system has not recorded the credit. This audit step frequently produces recommendations to close communication gaps in the procure-to-pay process.

The statement audit is an integral part of the overall Accounts Payable Recovery Audit. It has been our experience that approximately 35% - 43% of audit findings relate to duplicate payments. A significant portion of the remaining audit findings are uncovered through the statement audit portion of the review.

We have been highly successful in obtaining statements from vendors because the vendor is requested to send information to a CPA firm, not a recovery audit firm. Historically we have received responses from over 95% of the vendors in the top 80% spend and 61% of total spend. To minimize disruption to your staff, these statement requests instruct the vendors to direct all questions to our Customer Service Group. With regard to contract price variances, specific areas to be audited will be determined as part of the risk assessment for each contract and may include, but not be limited to the following: pricing discrepancies,

duplicate payments, unused credits, incorrect quantity and unit prices, overlapping bills, taxes, etc. as outlined below:

Pricing reviews of contract compliance / pricing discrepancies

The methodology we typically utilize when conducting pricing reviews of contract compliance / pricing discrepancies is as follows: First, M&A obtains and gains a solid understanding of the contract to be audited through a thorough review of the contract and related amendments and a discussion with the purchasing contact at our Client. Next, we determine the data sources and the level of detail that are available for conducting the review. Based upon the level of detail (line-item detail or summary level) and the data type (paper, imaged, electronic), we determine the method of review. The review could be a manual review of invoices compared to contracted prices, or if available electronically, we would perform an analysis of the data with our data interrogation software to verify correct pricing. Our pricing reviews encompass all aspects of pricing and would be adjusted to include testing contract provisions for rebates, allowances, tiered pricing, most favored customer, etc. We then review the results of our data analysis for accuracy and discuss our findings with the appropriate contact at our Client, where an action plan is developed. These action plans typically include further investigation by one or both parties and recovering overpayments when non-compliance is discovered.

Incorrect quantity and unit prices

The methodology that is typically used to investigate incorrect quantity and unit prices would be very similar to those used in Pricing Discrepancies. The additional steps that would be taken include understanding the level and source(s) of receiving records that could be reviewed. If receiving records are electronic, we would request a data extract of the appropriate receiving records, time slips, or other “receiving” record and run the data through our data interrogation software along with the invoice, purchase order, and contract data to identify potential errors. If some or all data is hard copy, we will determine the best method for us to review the supporting documents, but ideally, we would be given access to view the documents where they are located. We then review the results of our data analysis for accuracy and discuss our findings with the appropriate Client contact, where an action plan is developed. These action plans typically include further investigation by one or both parties and recovering overpayments when non-compliance is discovered.

Overlapping bills

The methodology that is typically utilized to investigate overlapping bills is as follows: We first determine the level of electronic detail available for review and the method of invoicing the supplier practices. Depending upon the level of electronic data available, we may perform some preliminary tests through our data interrogation software or the majority of testing, otherwise we would perform a manual review to identify instances of overlapping bills. We then review the results of our data analysis for accuracy and discuss our findings with the appropriate contact at our Client, where an action plan is developed. These action plans typically include further investigation by one or both parties and recovering overpayments when non-compliance is discovered.

Missed Discounts

Moody Associates will analyze 100% of payments against cash discount terms to determine whether there were any discounts that were earned and not realized by San Diego.

4. Recoupments / Vendor Refunds

M&A manages the recovery process from identification through remediation and invoices are only generated when funds are recovered by San Diego. M&A will comply with all recovery mandates set forth by San Diego.

In order to track claims processing cycle times, we provide a weekly recovery summary which tracks claims from the time they are given to San Diego for claims entry all the way through claims recovery. Each claim is dated as to the time it is given to San Diego and is aged accordingly.

M&A will follow up with vendors, where a refund check is being requested, on a weekly basis until the claim has been resolved. For claims related to recurring vendors, M&A will monitor the claim in San Diego's SAP system to ensure the claim has been entered and scheduled for deduction. In cases where there is not enough activity to deduct, M&A will move the claim to the check request status and follow-up accordingly. There is no need for San Diego to monitor and track the claims status as M&A does this for our Clients and the results are communicated weekly.

M&A will work with San Diego to agree upon final resolution for claims that have not been answered by any deadline set. Typically, we will continue to follow-up with the vendor until we feel that progress is not being made and the vendor is not being responsive. At this time, we generally bring the claim and vendor to your attention and discuss next steps which may include the involvement of purchasing or the legal department, depending upon the value of the claim.

5. Approach for investigating and accounting for recoveries

The recovery procedures listed below are based upon our experience and they may be modified depending on your preference.

Prior to contacting San Diego vendors, we thoroughly research each potential overpayment so as not to waste their time researching frivolous claims. For each claim identified, we will examine supporting documentation, including invoices, checks, purchase orders, deal sheets and other information, as appropriate. M&A personnel will obtain the information necessary to support all claims by reviewing and copying documentation in whatever format is available (i.e., hard copy, electronic, etc.) wherever the information is located (i.e., San Diego offices, offsite storage, etc.). M&A personnel will accurately re-file all documentation.

Prior to submitting claims to San Diego for review, M&A will review the open payable report, the internal post audit team's findings, the outstanding checks list, the cash receipts log, as well as any items that San Diego has already deducted to determine that a credit has not already been taken for that particular item.

M&A will work with San Diego personnel to obtain a listing of all potential overpayments which are being worked internally that might not be entered in SAP and we will create an exclusions table for these items. These items, as well as credits already entered in SAP will be deemed out of scope. At this point M&A will positively confirm all claims with vendors. The M&A review process ensures the appropriateness and accuracy of the claims before San Diego spends any time reviewing them.

Each claim produced is supported by the following documentation:

- Debit Memo – contains invoice number, invoice date, payment amount, check number, description of the finding and vendor contact information.
- Copy of invoice(s) or credit memo(s).
- Supporting documentation – all other information necessary to support the claim including a copy of the check, purchase order, deal sheets/contracts, receiving ticket, bill of lading, etc.

6. Protocols for collection

100% of the claims M&A provides to San Diego are confirmed with the respective supplier and prior to providing the claim to San Diego, the M&A Audit Team determines the most efficient way to remediate the claim. Identifying an overpayment is one thing but recovering the overpayment is often more difficult and that is what we do best.

Although a refund check will be requested, if there are open invoices with the supplier, it is highly unlikely that a refund will be issued. In these cases, M&A will provide San Diego with a claim, as described in (5) above, to include all backup supporting the payment error, for entry into SAP. Once the credit is entered, with remote access to the FBLIN transaction, M&A will be able to monitor the claim through deduction.

For non-recurring vendors we send a letter, on your letterhead, to the vendor requesting a refund check. The letter contains our Customer Service Group phone number, and they field all inquiries from the vendors regarding the claims. Copies of supporting documentation will be provided to vendors as needed. Refund checks will be made payable to your organization and sent to the designated San Diego point of contact for deposit. M&A will follow-up with each vendor until every claim is recovered. **Please see Attachment III, sample Check Request Letter.**

7. Audit Database

M&A has customized Galvanize software, which enhances the efficiency of the audit by allowing online collaboration and integrated workflow, and provides San Diego with real-time, Web-based access for purposes of claims review as well as viewing the project status. This is critical as we will be completing all active work associated with this audit in a 4-month period. The technology benefits can be summarized as follows:

- Collaboration Portal
- Integrated Workflow
- Import Multiple Data Source Types

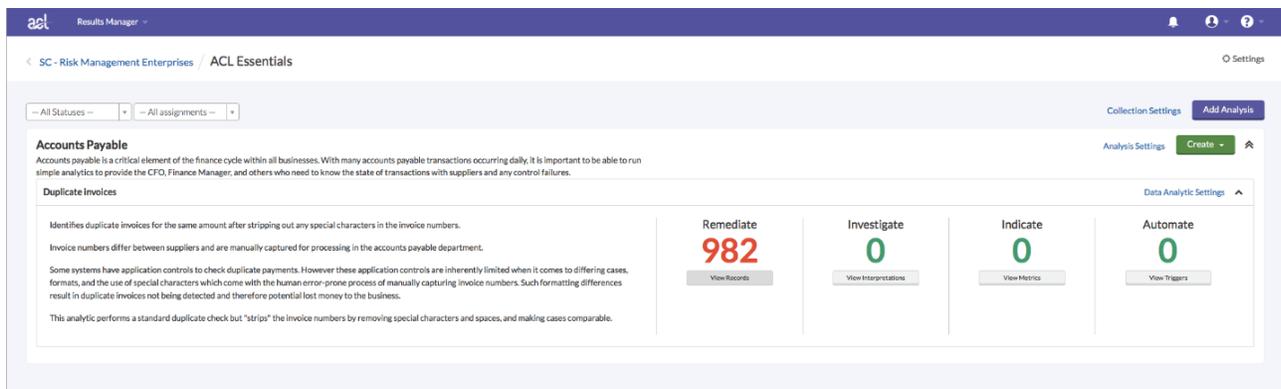
- Standard & Ad-Hoc Reporting
- Customized Dashboard
- Drill Through Capabilities

From a Continuous Controls Monitoring administration standpoint, we feel that the following 2 attributes will enable us to manage the recovery audit processes proactively while allowing key San Diego employees to be involved in the process to collaborate:

1. **Process Flow Integration**: Once the data is loaded and the business rules are run the results are presented in the interactive workspace which can be accessed by San Diego. Findings are distributed to our team members based on defined elements in the data files such as company code, organization, or cost center to name a few. These potential duplicate payments can be effectively analyzed and appropriate actions performed. Finally, through the on-line interface, the San Diego Team can approve the respective claims. Note however, that all claims are confirmed and approved by your vendors before submission.
2. **Integrated Workflow**: The workflow modules allow our Audit team to collaborate effectively with San Diego, thereby reducing the cycle time associated with claim remediation. Additionally, we have the ability to mark actions performed (notes, attachments, claim forms, etc.).

Following are a few screen prints for reference:

Duplicate Invoice Exceptions Summary:



Duplicate Invoice Exceptions Detail:

Results Manager

SC - Risk Management Enterprises / ACL Essentials / Duplicate invoices

Date Published: start date, end date | Owner: -- All Records -- | Status: -- All Active Recor... | Search

Clear All Filters

Duplicate invoices (982)

Records: Process All | Download | Delete | View Interpretations | Show Information Columns

	Company Code	Company Name	Vendor ID	Vendor Name	Vendor Cleaned Inv Num	Invoice Amt.	Accounting Doc	Document Type	Document Date	Clearing Date	Clearing Doc Num	Use
1	CQS-JHB	CQS-JOHANNESBURG	1000003842	CIGNOLI SWEETS	ZPBD1137	15,172,203.0	S100582463	RE	01/01/2014	01/05/2014	1500105141	DHL
2	CQS-JHB	CQS-JOHANNESBURG	1000003842	CIGNOLI SWEETS	ZPBD1137	15,172,203.0	S100610440	RE	01/01/2014	03/23/2014	1500110726	DHL
3	CQS-JHB	CQS-JOHANNESBURG	3000000127	TEDO BELEGGINGS 6	ZAL0300078190	37,554,222.0	1900128984	KR	10/27/2013	11/09/2013	1700023312	DHL
4	CQS-JHB	CQS-JOHANNESBURG	3000000127	TEDO BELEGGINGS 6	ZAL0300078190	37,554,222.0	1900129000	KR	10/27/2013	11/13/2013	1500101458	DHL
5	CQS-JHB	CQS-JOHANNESBURG	3000000207	ARK AFSLAERS	ZACIS04113074	747,867.0	1900137853	KR	02/13/2014	03/12/2014	1700024489	DHL
6	CQS-JHB	CQS-JOHANNESBURG	3000000207	ARK AFSLAERS	ZACIS04113074	747,867.0	1900137900	KR	02/13/2014	03/16/2014	1500109898	DHL
7	CQS-JHB	CQS-JOHANNESBURG	3000000207	ARK AFSLAERS	ZACIS04107461	1,557,431.0	1900125469	KR	09/13/2013	10/04/2013	1700022948	DHL
8	CQS-JHB	CQS-JOHANNESBURG	3000000207	ARK AFSLAERS	ZACIS04107461	1,557,431.0	1900126218	KR	09/13/2013	10/07/2013	1700022972	DHL
9	CQS-JHB	CQS-JOHANNESBURG	3000000207	ARK AFSLAERS	ZACIS04107461	1,557,431.0	1900126397	KR	09/13/2013	10/14/2013	1500098725	DHL
10	CQS-JHB	CQS-JOHANNESBURG	3000000207	ARK AFSLAERS	ZACIS04104688	1,256,934.0	1900123279	KR	07/14/2013	08/31/2013	1700022546	DHL
11	CQS-JHB	CQS-JOHANNESBURG	3000000207	ARK AFSLAERS	ZACIS04104688	1,256,934.0	1900123281	KR	07/14/2013	09/13/2013	1500096056	DHL
12	CQS-JHB	CQS-JOHANNESBURG	1000000417	TORLEDO	Z1330	9,131,195.0	S100603912	RE	01/18/2014	03/16/2014	1500110014	DHL
13	CQS-JHB	CQS-JOHANNESBURG	1000000417	TORLEDO	Z1330	9,131,195.0	S100601007	RE	01/18/2014	03/16/2014	1500110014	DHL
14	CQS-JHB	CQS-JOHANNESBURG	1000004089	ONS EIE MEUBILEERDERS	Y06955	995,367.0	S100583302	RE	11/24/2013	01/13/2014	1500106146	DHL
15	CQS-JHB	CQS-JOHANNESBURG	1000003280	HEYL-VILJOEN BOERDERY	Y06955	995,367.0	S100583000	RE	11/24/2013	01/08/2014	100911091	DHL

Assigning Exceptions (potential duplicate payments, etc.) for Remediation:

Results Manager

SC - Risk Management Enterprises / ACL Essentials / Duplicate invoices

Priority: Low | Status: New | Published: 11/10/2016 | Publisher Name: Phil Lim | Assignee: -- Unassign... | Cancel | Save

COMPANY CODE: CQS-JHB
 COMPANY NAME: CQS-JOHANNESBURG
 VENDOR ID: 1000003842
 VENDOR NAME: CIGNOLI SWEETS
 VENDOR CLEANED INV NUM: ZPBD1137
 INVOICE AMT: 15,172,203.0
 ACCOUNTING DOC: S100582463
 DOCUMENT TYPE: RE
 DOCUMENT DATE: 01/01/2014
 CLEARING DATE: 01/05/2014
 CLEARING DOC NUM: 1500105141
 USER: DHUBER
 USER NAME: Drake Huber
 APPROVER: NCHRISTIAN
 APPROVER USER NAME: Nathan Christian

Assignee dropdown: -- Unassign... | -- Group -- | -- User -- | Adam Verity (Audit Manager) | Aris Talapian | Behrooz Kaviani | Chad Wood

Please investigate these exceptions
 Sergio Constant, November 10 2016 14:48:23

Process All 3 records

Document Date	Clearing Date	Clearing Doc Num	Use
01/01/2014	01/05/2014	1500105141	DHL
01/01/2014	03/23/2014	1500110726	DHL
10/27/2013	11/09/2013	1700023312	DHL
10/27/2013	11/13/2013	1500101458	DHL
02/13/2014	03/12/2014	1700024489	DHL
02/13/2014	03/16/2014	1500109898	DHL
09/13/2013	10/04/2013	1700022948	DHL
09/13/2013	10/07/2013	1700022972	DHL
09/13/2013	10/14/2013	1500098725	DHL
07/14/2013	08/31/2013	1700022546	DHL
07/14/2013	09/13/2013	1500096056	DHL
01/18/2014	03/16/2014	1500110014	DHL
01/18/2014	03/16/2014	1500110014	DHL
11/24/2013	01/13/2014	1500106146	DHL
11/24/2013	01/08/2014	100911091	DHL
12/02/2012	03/16/2013	1500081267	DHL
12/02/2012	03/14/2013	100711619	DHL
07/24/2013	07/24/2013	1500092331	GM
07/24/2013	07/29/2013	1500092547	GM
07/25/2013	09/14/2013	1500094815	DHL

8. Additional recovery audit services

Noted.

E. TRAINING

While providing leadership and technical expertise during the recovery audit, M&A will transfer considerable knowledge to the permanent staff of San Diego. Our unique knowledge will provide San Diego with the opportunity to develop and enhance appropriate policies, procedures, and internal controls. M&A will provide San Diego all training related to accessing and utilizing our auditing tool Galvanize. Additionally, we will train the City related to the workflow for processing claims submitted by M&A.

Our Clients regularly request specific, customized reporting after the audit is complete and we turn those requests around on command. Our Clients see audit-over-audit reductions in recoveries as a percentage of non-payroll disbursements and we believe that our reporting and recommendations play a significant role in those reductions. To the extent possible and requested, we take an active role in the implementation of the audit recommendations by way of staff training.

F. LICENSES

There are no licensing fees applicable to our services.

G. DOCUMENTATION AND REPORTS

A main driver of our Client retention relates to our reporting and process recommendations to reduce lost profits going forward. Our engagements are designed not only to recover lost profits for our Clients, but also to provide additional value through our practical recommendations to reduce future lost profits. All claims are first confirmed by your vendor. They are then coded with a root cause 'error code' which becomes the basis for summarizing our findings by type, by department, etc., and is an essential part of our reporting and recommendations.

It is an in-depth examination of our root cause analysis, and breaking down each finding into discreet elements, that becomes the basis for our reporting and long term / move forward strategy recommendations. Provided both during and at the conclusion of the audit, we show where San Diego's SOP's are being adhered to, where stronger adherence is required, and areas that can possibly be updated/modified. The results regularly highlight communication gaps, ERP system gaps, imaging system issues, and will provide San Diego's Accounts Payable Team actionable reporting to assist with training related to invoice entry and prevention of future duplicate payments.

Audit findings can broadly be split into 2 categories: duplicate payments and non-duplicate payments. Duplicate payments are largely controlled by the Accounts Payable Team whereas non-duplicate payment related findings, such as returned product, are not directly controlled by the Accounts Payable Team. These often relate to communication issues between individual hospitals, suppliers, Accounts Payable, shipping/receiving, etc. Our actionable reporting, with includes observations and practical

recommendations, address both categories which will enable San Diego to work with all stakeholders to reduce future overpayments.

We constantly work with our Client base to provide new and insightful reports allowing them to make sound business decisions. We have an in-depth understanding of IT and financial analysis and have worked with management at all levels. During the data gathering phase, we will gain an understanding of the types of reporting San Diego would like and ensure all relevant data fields are captured which will allow us to provide the respective reports. **Please see Attachment IV, Sample Management Reports.**

H. CONTRACTORS IMPLEMENTATION PLAN

A detailed implementation plan is integrated within the work plan.

I. CUSTOMER SERVICE

Consistency, with regard to exceeding our Clients expectations in connection with customer service and responsiveness, is a cornerstone of our success. The San Diego audit will have a team assigned which consists of a Partner, Manager, Senior and Staff which will remain consistent through the audit. This pyramidal team structure, similar to that of a financial statement audit, allows us to both increase the efficiency of the audit as well as ensure quality. This pyramidal structure also serves as the escalation list. Our customer references will attest to our high level of customer service and support. The primary and secondary contracts are as follows:

Primary Point of Contact:

Garrett Dieck, Director
gdieck@moodyassociates.net
(843) 693-5368

Secondary Point of Contact:

Noah McBreairty, Audit Manager
NMcBreairty@moodyassociates.net
(843) 284-0171

J. COOPERATION AND TRANSITION

M&A will cooperate during any transition process. M&A prides itself on seamless transition and exceptional customer service and support.

K. QUALIFICATIONS AND EXPERIENCE

Formed in 2002, M&A prides itself on earning our Clients recommendations and repeat business and have been highly successful in doing just this. Two of our largest Clients (Newell Rubbermaid and DuPont) have been with us almost since inception. Hospital Corporation of America (HCA) has been with us since

2006, at which time M&A was one of only two firms selected from an RFP, that were awarded the opportunity to bid on the 10 different shared services centers. After initially winning 8 of them, M&A quickly outperformed the other firm and won the other two. We still maintain them as a signature Client.

M&A is well qualified to manage San Diego accounts payable audit. Our capability to manage the project is demonstrated by our past performance and experience and the individual records of our key personnel. Our key personnel all have a breadth and depth of experience on large, complex audit engagements and/or relevant financial management experience required to manage the project.

Following is a listing of just some of our major Clients and the length of time we have partnered with them:

- ☉ **HCA:** Client since 2006
- ☉ **LifePoint:** Client since 2011
- ☉ **Gerber Products Company (now part of Nestlé):** Client since 2003
- ☉ **Nestlé:** Client since 2009
- ☉ **DuPont:** Client since 2004
- ☉ **Newell Rubbermaid:** Client since 2003
- ☉ **US Foods:** Client since 2015
- ☉ **Univision:** Client since 2016
- ☉ **Serta Simmons:** Client since 2016
- ☉ **City of San Diego:** Won the RFP associated with the last A/P Audit performed in 2012

Our staff is comprised of full-time employees, not independent contractors. All professionals in supervisory positions are CPA's and most are former "Big Five" auditors. We believe the audit training and experience of our engagement team provides superior service and value. M&A attracts and retains the most talented people through a combination of rapid growth, competitive pay, unique firm-wide revenue driven profit-sharing program, and a dynamic work environment with unlimited growth opportunities for our professionals. The auditors assigned to San Diego engagement will remain consistent throughout the project.

Staffing is a critical component to the project management function in all of our engagements and we fully understand the need and desire to have the right people – in the right place – with the right skills – at the right time. To accomplish this, we have identified a significant number of our auditors to assume the key roles on San Diego engagement. Additionally, we will employ proven staffing techniques to ensure that a valuable Project Team is always working with San Diego to provide a consistent level of excellence to the effort.

We have developed functional specifications for substantially all ERP systems (SAP, Lawson, JDE, MedHost, Oracle, PeopleSoft, and PMM) and many homegrown, legacy systems. Obtaining complete and accurate data, and continually modifying our work program to meet the specific needs of the current audit are essential elements for conducting a successful recovery audit. At the onset of the engagement, M&A will provide San Diego with very specific data requests for all A/P related systems, detailing the layout of the paid history files and the vendor files, required for the review. M&A's IT Department will work hand in hand with San Diego in obtaining the data required for the Accounts Payable Recovery Audit.

Additionally, M&A will work with the San Diego P-Card Administrator to obtain an extract of all P-Card transactions for the period under review. This file will be appended to the SAP data file for purposes of identifying any duplicate payment made as a result of paying a supplier by P-Card and subsequently paying the same supplier through SAP.

M&A's internal due diligence process, internal claim review and approval process, and 100% confirmation with suppliers differentiates us from our competitors. Approaching 3rd parties with valid, complete claims, accompanied by all supporting documentation is the best way to preserve relationships. We feel that our quality control process, coupled with staffing our CPA firm with experienced accountants that understand the internal control process, allows us to effectively and efficiently recover funds while maintaining and enhancing existing payee relationships.

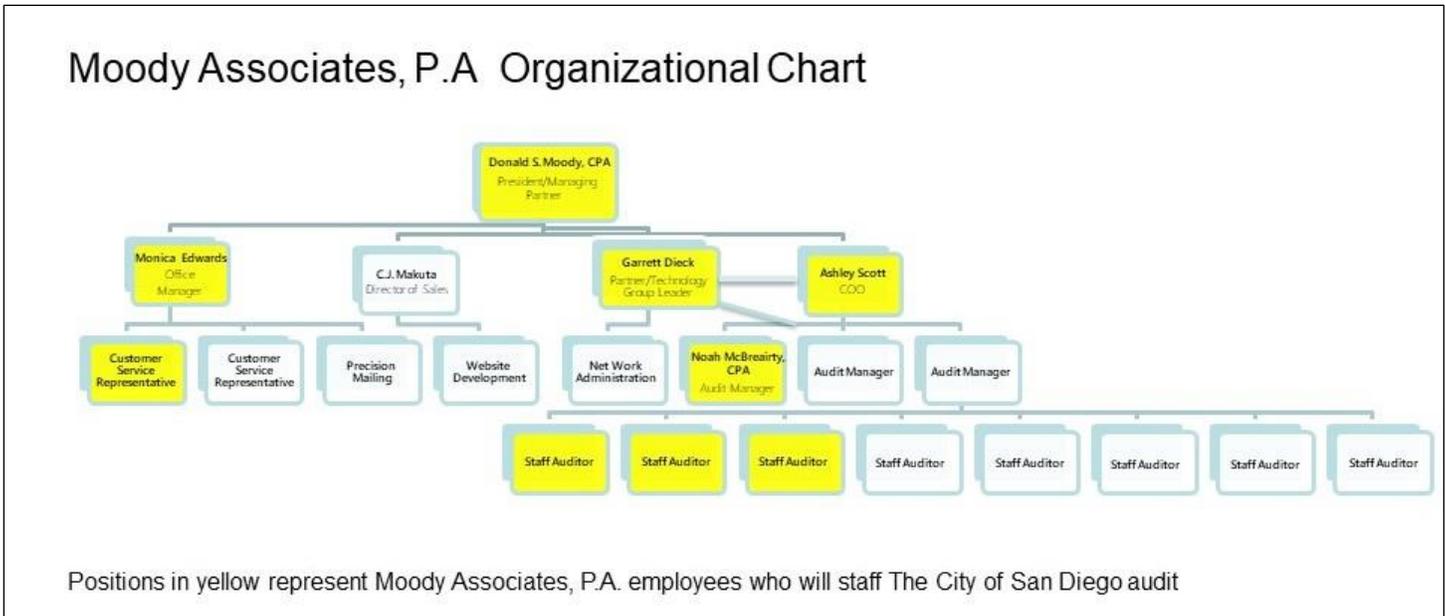
Prior to contacting San Diego vendors, we thoroughly research each potential overpayment so as not to waste their time researching frivolous claims. For each claim identified, we will examine supporting documentation, including invoices, checks, purchase orders, deal sheets and other information, as appropriate. Our personnel will obtain the information necessary to support all claims by reviewing and copying documentation in whatever format is available (i.e., hard copy, electronic, etc.), wherever the information is located (i.e., San Diego offices, offsite storage, etc.).

Prior to submitting claims to San Diego for review, we will review the open payables report, the internal post audit team's findings, the outstanding checks list, the cash receipts log, as well as any items that San Diego has already deducted to determine that a credit has not already been taken for that particular item. At this point we positively confirm all claims with vendors. Our review process ensures the appropriateness and accuracy of the claims before San Diego spends any time reviewing them.

As our references will attest to, our audit methodology allows us to provide quantifiable measurements of success, including but not limited to the following:

- Seamless integration into San Diego's business processes.
- Complete turn-key operation of the claim's management process.
- Proactively provide management reports to allow for the analysis of San Diego's claims and cost reduction opportunities.
- Proactively provide benchmark information from similar companies.
- Minimize the cycle time from performing the initial reconciliations to closing the respective audit with either a supplier credit or refund check.
- 100% of the claims submitted are approved by the supplier and San Diego.
- 24-hour maximum response time to San Diego's questions, concerns, and reporting needs.
- Flexibility, professionalism, and positive attitude while working with all San Diego points of contact

a. Moody Associates, P.A. Organizational Chart



b. Moody Associates, P.A. Project Managers that will remain consistent throughout the engagement

1. **Donald S. Moody, CPA** – President/Managing Partner
2. **Garrett Dieck** – Partner/Technology Group Leader
3. **Ashley Scott** – Chief Operations Officer
4. **Noah J. McBreairty, CPA** – Audit Manager

c. Project Managers Prior Experience

See Attachment V, Project Team Resumes

d. Optional Services

I. Sales and Use Tax:

Sales and use tax decisions are transactional in nature and the compliance burden becomes voluminous very quickly. We assist Clients with optimizing strategic compliance positions to help make better tax decisions. Complete compliance is nearly impossible and comes with a significant cost. Our expertise helps companies to balance their compliance costs/benefits.

Our experience shows that where exposure exists, so do recoveries. Companies with constrained resources, along with companies under close scrutiny of financial audits, tend to be conservative in paying tax. As a result, companies overpay sales and use taxes and also fail to maximize available tax credits and

exemptions. We efficiently locate and support refunds and additional tax credits with minimal Client resources.

Our firm philosophy requires high level experienced Directors to manage all aspects of Client work. Unlike the “Big 4”, we do not leverage down important tasks to increase profits, rather our Directors are “hands on.” This philosophy has proven that we obtain better results than our competitors.

We utilize a multi-step process to document, support and validate refund overpayments. This design provides client feedback throughout the process and obtains client approval prior to submission of documents to outside parties.

Step 1 – Initial Meetings, Examination, and Review

- Introduce the M&A team and establish communication lines.
- Discuss sales and use tax objectives and goals, document historical tax planning strategies and prior claims for refunds filed.
- Locate necessary data, returns, documents and audit history.

Step 2 – Initial Documentation

- Review and analyze business activities and/or locations
- Review tax payments to identify refund opportunities and vendors.

Step 3 – Data Analysis and Testing/Sampling Development

- Develop detailed testing /analysis procedures used to validate and quantify overpayments.
- Utilize M&A knowledge and experience with technology, software, and sophisticated testing methodologies to obtain the maximum refund, focusing on areas with the highest probabilities of opportunities which require the least amount of Client resources.

At the completion of Step III, we provide a high-level overview of the recovery potential, along with any other potential issues identified for approval.

Step 4 - Detailed Documentation and Support

- Prepare comprehensive refund packages that fully documents all refund and includes quarterly totals, product/refund area summaries, invoice details, supporting invoice copies and supporting research.

Step 5 – Representation

- Closely work with vendors and auditors to ensure that our claims are fairly and accurate reviewed and handled.
- Review additional information requests, gather required documents and handle all other aspects of the approval process.

Step 6 – Process Improvement

- M&A separates itself from competitors by providing unparalleled process improvement. The following is included as part of our services:
 - Detailed files outlining tax code adjustments based on refund findings.
 - Executive Summary.
 - Prospective analysis to identify improved compliance procedures and monitoring of future transactions.

II. Contract Compliance Audit Methodology:

A key advantage of being organized as a CPA firm, with regard to auditing contracts, is that many contracts stipulate in the right-to-audit clause that a CPA firm must be utilized to conduct the audit.

M&A has extensive experience conducting supplier audits for a number of Clients in various industries and crossing a large number of supplier and contract types. Our supplier audit experience has consisted of both domestic and international audits, for a broad range of supplier and contract types, including, but not limited to: freight, advertising, call centers, collection agencies, health care, lease (real and personal property), manufacturing, marketing, retail, outsource, partnerships, professional services, raw materials, staffing, technology, and telecommunications agreements. These supplier types have a wide range of pricing, terms and conditions including: allowances, cost plus, time and materials, incentive based, most favored customer, price list, managed to rates, rebates, tiered rates and more.

On average, we will be able to complete the identified contract audits within a 45-day to 60-day period. This time frame is adequate for scheduling time, actual audit time, delivery of the final audit report, as well as the time in between each step. We have audited contracts from many major suppliers and know that some contracts are more straight forward than others and can be resolved in far less time, while others are more complex and, depending upon the cooperation from the supplier, can take longer to resolve.

Our methodology for conducting contract compliance audits ensures that these audits are adequately planned, staffed and supervised to achieve quality results while keeping the Client's investment in time to a minimum. As with the Accounts Payable Audit, the Contract Compliance Audit project will have a team assigned which consists of the Managing Director, Director, Manager, and Staff. All auditing professionals in supervisory positions are CPA's and most are former "Big five" auditors. The auditors assigned to the San Diego engagement will remain consistent throughout the project. Resource requirements will be adjusted based on the nature and complexity of the audits in addition to the number of audits and desired timeframe to complete.

All of the claims we complete are investigated and fully supported. When asked, some of the contract compliance audits that our staff has performed included not only determining how the error occurred, but also identifying the individual(s) who circumvented established policies and procedures that resulted in overpayments and providing documentation on such.

The following points detail our standard contract compliance audit approach. These may be modified depending on your preference. We understand that San Diego will approve any communications prior to submission. We will comply with all mandates set forth by San Diego.

- Obtain and understand all existing contracts and agreements and addendums (written and verbal) for the suppliers to be audited.
- Obtain invoice, purchase order, and payment data from the Company for the suppliers to be audited.
- Conduct conference calls with the appropriate contact(s) at the Company to gain a better understanding of the supplier relationships, and any perceived or known concerns, and to set expectations and communication timelines for the audit.
- Conduct a conference call with the appropriate supplier contacts to gain an understanding of their billing methodologies, supporting schedules, location of relevant documents to be reviewed, and to establish a mutually agreeable time to conduct the field audits.
- Sign the Supplier's confidentiality agreements.
- Obtain supporting schedules for invoices from the suppliers to be audited.
- Obtain non-financial compliance items (per the statement of work) from the suppliers to be audited.
- Perform preliminary desk audit procedures to further define and prioritize areas of risk.
- Conduct field audit, including all compliance testing as outlined in the statement of work.
- Conduct a conference call with the appropriate contact(s) at the Company to go over additional questions that arose from the field audit and discuss audit results to date, including any areas of non-compliance.
- Follow-up with the suppliers regarding any unanswered audit questions.
- Complete audit work.
- Assemble and draft the audit reports and summaries of non-compliance items.
- Discuss the draft audit reports with the appropriate contact(s) at the Company.
- Submit final audit reports to the appropriate contact(s) at the Company.

We will not discuss audit results with the suppliers being audited unless instructed to do so by San Diego. We will treat your suppliers with the utmost professionalism as we realize the importance of your supplier relationships.

Specific areas to be audited will be determined as part of the risk assessment for each contract and may include, but not be limited to the following: pricing discrepancies, duplicate payments, unused credits, incorrect quantity and unit prices, overlapping bills, taxes, etc. as outlined below:

III. Pricing reviews of contract compliance / pricing discrepancies:

The methodology we typically utilize when conducting pricing reviews of contract compliance / pricing discrepancies is as follows: First, Moody Associates obtains and gains a solid understanding of the contract to be audited through a thorough review of the contract and related amendments and a discussion with the

purchasing contact. Next, we determine the data sources and the level of detail that are available for conducting the review. Based upon the level of detail (line-item detail or summary level) and the data type (paper, imaged, electronic), we determine the method of review. The review could be a manual review of invoices compared to contracted prices, or if available electronically, we would perform an analysis of the data with our data interrogation software to verify correct pricing. Our pricing reviews encompass all aspects of pricing and would be adjusted to include testing contract provisions for rebates, allowances, tiered pricing, most favored customer, etc. We then review the results of our data analysis for accuracy and discuss our findings with the appropriate contact, where an action plan is developed. These action plans typically include further investigation by one or both parties and recovering overpayments when non-compliance is discovered.

IV. Incorrect quantity and unit prices:

The methodology that is typically used to investigate incorrect quantity and unit prices would be very similar to those used in Pricing Discrepancies. The additional steps that would be taken include understanding the level and source(s) of receiving records that could be reviewed. If receiving records are electronic, we would request a data extract of the appropriate receiving records, time slips, or other “receiving” record and run the data through our data interrogation software along with the invoice, purchase order, and contract data to identify potential errors. If some or all data is hard copy, we will determine the best method for us to review the supporting documents, but ideally, we would be given access to view the documents where they are located. We then review the results of our data analysis for accuracy and discuss our findings with the appropriate Client contact, and an action plan is developed. These action plans typically include further investigation by one or both parties and recovering overpayments when non-compliance is discovered.

V. Overlapping bills:

The methodology that is typically utilized to investigate overlapping bills is as follows: We first determine the level of electronic detail available for review and the method of invoicing the supplier practices. Depending upon the level of electronic data available, we may perform some preliminary tests through our data interrogation software, otherwise we would perform a manual review to identify instances of overlapping bills. We then review the results of our data analysis for accuracy and discuss our findings with the appropriate contact, where an action plan is developed. These action plans typically include further investigation by one or both parties and recovering overpayments when non-compliance is discovered.

VI. Missed Discounts:

Moody Associates will analyze 100% of payments against cash discount terms to determine whether there were any discounts that were earned and not realized by San Diego.

VII. Master File Analysis Methodology:

We feel that the best way to move forward with our Clients on a Vendor Master initiative is to couple the cleansing initiative with an Accounts Payable Recovery Audit.

M&A typically runs 6 potential duplicate vendor reports noted below. These reports are intended to assist our Clients with identifying active vendors where there are multiple vendor numbers set-up for the same vendor.

These reports are mutually exclusive across reports. For example, if a vendor had the same Tax ID number and the same phone number, the resultant potential duplicate record would appear in only the “Match on Tax ID Report.”

We recommend starting the analysis with the first report, “Match on Tax ID” as this test has the highest severity rating. Each report thereafter shows potential matches, which although many are probable duplicates, there exists a greater number of false positives.

1. As part of the Accounts Payable Recovery Audit, we will run base reports including, but not limited to, the following:
 - ☉ Match on Tax ID
 - ☉ Match on phone number
 - ☉ Match on fax number
 - ☉ Fuzzy / phonetic match on name and address
 - ☉ Fuzzy / phonetic match on name only
 - ☉ Fuzzy / phonetic match on address city only
2. Vendor Activity Reports
 - ☉ Active vendor report – a report showing all vendors with an active status that have activity within a client specified time frame
 - ☉ Inactive vendor report – a report showing all vendors with an active status that have no activity within a client specified time frame
 - ☉ No activity vendor report – a report showing all vendors with an active status that have no activity
3. Vendor data statistics: each vendor field that is provided will be analyzed and a report will be generated which shows how often they are populated. Based on this information recommendations can be made regarding data integrity.
4. Banking Details: In addition to the LFA and LFB vendor tables, M&A will request and review the LFBK table which is used to store the bank details. M&A will customize this aspect of the reporting to conform to San Diego’s needs. Reporting will include missing or incorrect/incomplete banking details, vendors with multiple bank accounts, and to the extent we can receive certain Human Resources files, M&A will cross-reference vendor banking details with San Diego employee banking information.
5. Each TIN that is provided with a vendor record will be validated against the IRS database (additional services are available to capture / correct TIN information).

6. A summary report will be prepared which outlines the findings and makes overall recommendations.

Our Approach

We employ a comprehensive three step approach which includes data cleansing, data verification, and data enrichment, as follows:

Step 1 - Data Cleansing

Vendor entries will be consolidated and duplicate vendor records will be identified based on the 6 match types identified in the project deliverables. The data will then be normalized, standardizing all related vendor records. Incomplete or missing data will be identified for enrichment during the data verification process.

Step 2 - Data Verification

This step utilizes the IRS's TIN Matching database, an external Government database to validate and enrich existing vendor master data. This verification process will assist San Diego in validating that vendor's accurate payee TIN/Name combinations, reducing or eliminating yearly IRS TIN/Name discrepancy penalties.

The TIN and Name combination will be provided to the IRS and the resultant matched record will indicate whether or not there was a match.

The TIN / Name combination is required to be submitted is as follows:

TIN

1. For a business: Employer Identification Number (EIN).
2. For an individual: Social Security Number.

Name

1. For a Business: Legal name of the business associated with the TIN.
2. For an individual: First name, last name, middle name.

It is assumed we will be provided the requisite TIN (EIN and SSN) and Name data fields such that we can join the table to the IRS file. Based upon the join, there are 8 possible results from the matching process:

- ⊖ 0 - TIN and Name match
- ⊖ 1 - TIN was missing or was entered incorrectly
- ⊖ 2 - TIN entered is not currently issued
- ⊖ 3 - TIN and Name do not match
- ⊖ 4 - Invalid TIN matching request
- ⊖ 5 - Duplicate TIN matching request
- ⊖ 6 - TIN Match found only on SSN, when the TIN type is (3 - Unknown)
- ⊖ 7 - TIN Match found only on EIN, when the TIN type is (3 - Unknown)

- ☉ 8 - TIN Match found on both the SSN and EIN format, when the TIN type is (3 - Unknown)

M&A will provide summary and detailed reports to San Diego so the results can be examined and necessary adjustments made.

Step 3 - Data Enrichment Reports / Vendor Cleansing Reports

In our final step, based on the results of the cleansing and verification steps, detail reports will be supplied to San Diego so the vendor data can be enriched properly to complete the respective vendor records.

In addition to an engagement report that outlines the findings and documents our recommendations and best practices, we will provide the reports listed below related to the vendor cleansing project in an Excel Workbook.

1. **Match Reports**: for each of the following business rules, we will provide a detailed listing of Vendor Master data for the vendor records identified as matches with regard to the following:
 - a. Match on Tax ID
 - b. Match on phone number
 - c. Match on fax number
 - d. Fuzzy / phonetic match on name and address
 - e. Fuzzy / phonetic match on name only
 - f. Fuzzy / phonetic match on address city only
2. **Vendor Scorecard Report**: This report will consolidate the six base scrub reports into one report sorted by probability that the vendor is a duplicate. Each vendor will be assigned a match score based on the weighting of each result set for the six base matching rules. The score will indicate the match probability for the respective vendor.
3. **Vendor Activity Reports**: These reports will list the vendors and related master file data for all vendors that meet the criteria below:
 - a. Active vendor report – a report showing all vendors with an active status that have activity within a client specified timeframe.
 - b. Inactive vendor report – a report showing all vendors with an active status that have no activity within a client specified timeframe.
 - c. No activity vendor report – a report showing all vendors with an active status that have no activity (same as b. but for all timeframes).
4. **Vendor Data Statistics Report**: This report will list each vendor field that is provided and how often it is populated.
5. **IRS TIN Matching Report**: Each vendor record with TIN information populated will be populated with 1 of 8 possible results from the matching process:
 - ☉ 0 - TIN and Name match
 - ☉ 1 - TIN was missing or was entered incorrectly
 - ☉ 2 - TIN entered is not currently issued

- 3 - TIN and Name do not match
- 4 - Invalid TIN matching request
- 5 - Duplicate TIN matching request
- 6 - TIN Match found only on SSN, when the TIN type is (3 - Unknown)
- 7 - TIN Match found only on EIN, when the TIN type is (3 - Unknown)
- 8 - TIN Match found on both the SSN and EIN format, when the TIN type is (3 - Unknown)

L. REFERENCES

We feel that our Clients are our best salespeople, and we encourage you to contact them. They will be able to provide you great insight as to the quality of our management, reporting, the level of customer service provided, and professionalism of our auditors, among other factors.

Please find following the contact information for 4 of our references. Upon request, we will provide you with additional reference contact information.

R. Justin Leitner, CIA
Nestle Waters, Sr. Finance Manager, Manufacturing Process and Control
Tel: (314) 308-3216
Justin.Leitner@waters.nestle.com
Services Provided: Accounts Payable Audit; Contract Compliance Audit;
Vendor Master Analysis; Spend Analysis
Nestlé: Client since 2010

Chitra Lekha
DuPont, Finance Strategic Transactions
Accounts Payable Simplifications & Standardization Projects Leader
Tel: +91040-67072882
Chitra.Lekha@dupont.com
Services Provided: Accounts Payable Audit; Vendor Master Analysis
DuPont: Client since 2006

Dawn Kress
Disbursement Director
Tel: (313) 737-3692
Dawn.Kress@beaumont.org
Services Provided: Accounts Payable Audit
Beaumont: Client since 2018

Nadeem Kureshi
Newell Brands, Vice President GBS Global Service Delivery
Tel: (770) 418-7729
Nadeem.kureshi@newellco.com
Services Provided: Accounts Payable Audit; Vendor Master Analysis
Newell Brands (formerly Newell Rubbermaid): Client since 2005

<p>Selection of business objects to be transferred</p>	<p>Paid Invoice File:</p> <ul style="list-style-type: none">• Selection criteria to include<ul style="list-style-type: none">– Posting Date range (limit to same fiscal year)– Company Code range– Document Types• Accounting Documents to be selected from the header table based on the above criteria• Details for each document as indicated in the record layout to be captured• Documents that have been reversed and their corresponding reversing documents should be excluded• Only vendor invoice documents should be included. <p>Vendor Master File:</p> <ul style="list-style-type: none">• For each unique paying vendor account from the invoice file and unique purchasing vendor from the PO file extract data as detailed in the record layout.
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<p>Processing of transferred business objects</p>	<p>Paid Invoice File:</p> <ul style="list-style-type: none"> • Select invoice based on selection criteria in addition to the following: <ul style="list-style-type: none"> ○ Documents that have been reversed and their corresponding reversing documents should be excluded. Reversed documents can be identified with BKPF-STBLG not blank. ○ Only vendor invoice documents should be included. <p>Vendor Master File:</p> <ul style="list-style-type: none"> • Identify each unique paying vendor account from the invoice file and unique purchasing vendor from the PO file.
<p>Frequency/Trigger</p>	<p>On Demand</p>
<p>Execution times</p>	<p>On Demand</p>
<p>Error handling</p>	<p>Generate message if no data found</p>

File Layout: (File Name) Input /output file

Ref.	Field Name	Record Type	Format	Length	Starting Position/Delimiter	Comments
Invoice File (ZAPINV)						
1.	LIFNR	n/a	CHAR	10	1	Vendor Number
2.	XBLNR	n/a	CHAR	16	11	Invoice Number
3.	BLDAT	n/a	CHAR	8	27	Invoice Date (YYYYMMDD)
4.	DMBTR	n/a	NUM	13	35	Gross Invoice Amount in Local Currency (2 decimals implied)
5.	DMBTR_SIGN	n/a	CHAR	1	48	Credit = '-', Debit = space
6.	ZNET	n/a	NUM	13	49	Net Invoice Amount (2 decimals implied)
7.	ZNET_SIGN	n/a	CHAR	1	62	Credit = '-', Debit = space
8.	CHECT	n/a	CHAR	13	63	Check Number
9.	ZALDT	n/a	CHAR	8	76	Check Date (YYYYMMDD)
10.	ZCLR	n/a	CHAR	1	84	Paid Status (I, P, or blank)
11.	HWSTE	n/a	CURR	13	85	Sales Tax (2 decimals implied)
12.	EBELN	n/a	CHAR	10	98	PO Number – required when applicable
13.	EBELP	n/a	NUM	5	108	PO Line Item – required
14.	ZTERM	n/a	CHAR	4	113	Invoice Terms
15.	ZBD1T	n/a	CHAR	3	117	Days for Rate 1
16.	ZBD2T	n/a	CHAR	3	120	Days for Rate 2
17.	ZBD3T	n/a	CHAR	3	123	Days Net
18.	ZBD1P	n/a	CHAR	5	126	Cash Discount Percent Rate 1
19.	ZBD2P	n/a	CHAR	5	131	Cash Discount Percent Rate 2
20.	WSKTO	n/a	NUM	13	136	Discount Amount (2 decimals implied)
21.	WSKTO_SIGN	n/a	CHAR	1	149	Credit = '-', Debit = space
22.	BELNR	n/a	CHAR	10	150	SAP Document Number
23.	BUZEI	n/a	NUM	3	160	SAP Document Line
24.	BUKRS	n/a	CHAR	4	163	Company Code
25.	BLART	n/a	CHAR	2	167	Document Type

Ref.	Field Name	Record Type	Format	Length	Starting Position/Delimiter	Comments
Vendor Master File (ZAPMD)						
26.	NAME1	n/a	CHAR	35	1	Paying Vendor Name
27.	LIFNR	n/a	CHAR	10	36	Paying Vendor Number
28.	STRAS	n/a	CHAR	35	46	Vendor Address 1 (Street)
29.	ORT01	n/a	CHAR	35	81	Vendor Address 2 (City)
30.	REGIO	n/a	CHAR	3	116	Vendor Address 3 (State)
31.	PSTLZ	n/a	CHAR	10	119	Vendor Address 3 (Zip Code)
32.	TELF1	n/a	CHAR	16	129	Vendor Phone Number - optional
33.	ZTERM	n/a	CHAR	4	145	Vendor Terms (Financial)
34.	LAND1	n/a	CHAR	3	149	Country
	Not available					Vendor Contract – not available
	Not available					Vendor Contact Name – not available

Data Mapping Matrix:

Non-SAP – input/output					Conversion Rules/ Logic	SAP					Comments
No	Field Name	Format	Length	Description		Program Name	Screen	Field Name	Format	Length	
Invoice File (ZAPINV)											
1.	LIFNR	CHAR	10	Vendor Number			BSEG-LIFNR	CHAR	10	Vendor Number	
2.	XBLNR	CHAR	16	Invoice Number			BKPF-XBLNR	CHAR	16	Invoice Number	
3.	BLDAT	CHAR	8	Invoice Date			BKPF-BLDAT	DATS	8	Invoice Date	YYYYMMDD
4.	DMBTR	NUM	13	Gross Invoice Amount in LC			BSEG-DMBTR	CURR	13	Gross Invoice Amount	Amount in LC; 2 decimals implied
5.	DMBRT_SIGN	CHAR	1	Sign (Gross Inv Amount)	If SHKZG = H, '-' else blank		BSEG-SHKZG	CHAR	1	Debit / Credit Indicator	H = Credit S = Debit
6.	ZNET	NUM	13	Net Invoice Amount - Calculated	DMBTR less WSKTO						Net Invoice Amount - Calculated
7.	ZNET_SIGN	CHAR	1	Sign (Net Inv Amount)	If < 0, '-', else blank		BSEG-SHKZG	CHAR	1	Debit / Credit Indicator	H = Credit S = Debit
8.	CHECT	CHAR	13	Check Number	Based on BSEG-AUGBL and BSEG-GJAHR link to PAYR-VBLNR and PAYR-GJAHR		PAYR-CHECT	CHAR	13	Check Number	
9.	ZALDT	CHAR	8	Check Date			PAYR-ZALDT	DATS	8	Check Date	YYYYMMDD
10.	ZCLR	CHAR	1	Paid Status	If BSEG-AUGBL is blank, then = I else, if PAYR-CHECT not blank, then = P, else blank						Paid Status I – invoiced P – paid
11.	HWSTE	CURR	13	Sales Tax	Link to BSET using BELNR, BUKRS, and GJAHR) and calculate sum for all line items in BSET		BSET-HWSTE	CURR	13	Sales Tax	Sum of all line items for document; 2 decimals implied
12.	EBELN	CHAR	10	PO Number			BSEG-EBELN	CHAR	10	PO Number	
13.	EBELP	NUM	5	PO Line Item			BSEG-EBELP	NUMC	5	PO Line Item	

Non-SAP – input/output					Conversion Rules/ Logic	SAP						Comments
No	Field Name	Format	Length	Description		Program Name	Screen	Field Name	Format	Length	Description	
14.	ZTERM	CHAR	4	Invoice Terms			BSEG-ZTERM	CHAR	4	Invoice Terms		
15.	ZBD1T	CHAR	3	Days for Rate 1			BSEG-ZBD1T	DEC	3	Days for Rate 1	DEC = Counter or amount field with comma and sign	
16.	ZBD2T	CHAR	3	Days for Rate 2			BSEG-ZBD2T	DEC	3	Days for Rate 2		
17.	ZBD3T	CHAR	3	Days Net			BSEG-ZBD3T	DEC	3	Days Net		
18.	ZBD1P	CHAR	5	Cash Discount Percent Rate 1			BSEG-ZBD1P	DEC	5	Cash Discount Percent Rate 1		
19.	ZBD2P	CHAR	5	Cash Discount Percent Rate 2			BSEG-ZBD2P	DEC	5	Cash Discount Percent Rate 2		
20.	WSKTO	NUM	13	Discount Amount			BSEG-WSKTO	CURR	13	Discount Amount	2 decimals implied	
21.	WSKTO_SIGN	CHAR	1	Sign (Discount Amount)	If SHKZG = H, '-' else blank		BSEG-SHKZG	CHAR	1	Debit / Credit Indicator	H = Credit S = Debit	
22.	BELNR	CHAR	10	SAP Document Number	Select only if BKPF-STBLG is blank and other selection criteria is met.		BKPF-BELNR	CHAR	10	SAP Document Number		
23.	BUZEI	NUM	3	SAP Document Line			BSEG-BUZEI	NUMC	3	SAP Document Line		
24.	BUKRS	CHAR	4	Company Code			BKPF-BUKRS	CHAR	4	Company Code		
25.	BLART	CHAR	2	Document Type			BKPF-BLART	CHAR	2	Document Type		

Non-SAP – input/output					Conversion Rules/ Logic	SAP					Comments
No	Field Name	Format	Length	Description		Program Name	Screen	Field Name	Format	Length	
Vendor Master File (ZAPMD)											
26.	NAME1	CHAR	35	Vendor Name			LFA1-NAME1	CHAR	35	Vendor Name	
27.	LIFNR	CHAR	10	Vendor Number			LFA1-LIFNR	CHAR	10	Vendor Number	
28.	STRAS	CHAR	35	Street			LFA1-STRAS	CHAR	35	Street	
29.	ORT01	CHAR	35	City			LFA1-ORT01	CHAR	35	City	
30.	REGIO	CHAR	3	State			LFA1-REGIO	CHAR	3	State	
31.	PSTLZ	CHAR	10	Zip Code			LFA1-PSTLZ	CHAR	10	Zip Code	
32.	TELF1	CHAR	16	Phone Number			LFA1-TELF1	CHAR	16	Phone Number	
33.	ZTERM	CHAR	4	Payment Terms	<i>Link to LFB1 using BUKRS and LIFNR from Invoice file</i>		LFB1-ZTERM	CHAR	4	Payment Terms	
34.	LAND1	CHAR	3	Country			LFA1-LAND1	CHAR	3	Country	

Appendix II: Statement Request Letter Template



July 5, 2021

Vendor Name
Attn: Accounts Receivable
Address
City, St Zip

Dear Sir / Madam:

We have engaged the Certified Public Accounting firm of Moody Associates, P.A. to perform an audit of our accounts payable process. This is a standard operating procedure for **The City of San Diego**, and all data provided will be kept strictly confidential. We have a signed Non-Disclosure Agreement in place that ensures the information will not be used for any other purposes.

Accordingly, we are requesting a current accounts receivable aging or statement of our account with your company for **The City of San Diego**.

Please include a copy of this letter as well as a statement of account to include the following information:

- **Open invoices and credit memos**
- **Open rebates / allowances**
- **Cash on account**
- **Deposits on account**

Within 10 days of receipt of this letter, please email your response, with the **Control Number** reference located on the lower left corner of this letter in the subject line, to statements@moodyassociates.net or fax the statement to **(843) 416-1086**. **Any and all questions regarding this request should be directed to the Moody Associates, P.A. Customer Service Group at (843) 388-8663. Please do not send invoices.**

If you prefer, please return the requested information to the following address:

**MOODY ASSOCIATES, P.A.
ATTN: CITY OF SAN DIEGO AUDIT TEAM
1470 BEN SAWYER BLVD., SUITE 9
MT. PLEASANT, SC 29464**

Very truly yours,

Designated **The City of San Diego** Employee
Title

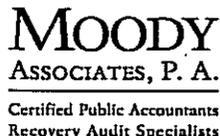
SD1001
Control Number

100001
Vendor Number

Vendor Contact Name

Phone Number

email address



Recovery Summary

Overpayment(s) to Kaman Industrial Technologies

Date: 7/13/12
 Recovery Summary: SD16
 Vendor #: 10003494
 Amount: \$616.26
 Year: 2011

This is an actual recovery summary from The City of San Diego's Accounts Payable Recovery Audit in 2012.

Vendor Name: Kaman Industrial Technologies

Vendor Number	Invoice Number	Invoice Date	Check Number	Check Date	Amount
10003494	O580976	4/26/2011	1127422	6/22/2011	\$616.26
10003494	00294755	6/6/2011	P-card	P-card	\$616.26

Total Due \$616.26

Type of Claim: Error Code / D10

Description: Duplicate payment was made to the same vendor due to a check and a p-card.
 Confirmed per Juan Otero (909) 969-9331. Please deduct from future invoices.

Prepared By: NJV
 Reviewed By: 

Our team does all of the leg work and **confirms 100% of claims** with vendors, therefore **eliminating any bad claims**. Each claim is accompanied with all the back-up material, error codes, and the vendor contact information that confirmed the claim.

Prior To Presenting Claims, Moody Associates, P.A will:

- ✓ Review Credits in ERP System
- ✓ Review Open Payables Report
- ✓ Review Cash Receipts
- ✓ Review Client internal findings
- ✓ Review OS checks list
- ✓ Client specific reports
- ✓ **Confirm claim with vendor**

San Diego
Duplicate Payment

Vendor Name	Vendor Number	Reference	Doc. Date	Amount	Managing Account Name	Check	Payment Date	Name	Reference Number
Kaman Industrial Technologies	10003494	0580976	04/26/2011	\$616.26	P-Card Field	1127422	06/22/2011	P-Card Field	P-Card Field
KIT* KAMAN SAN DIEGO CA	SAP Field	00294755	06/06/2011	616.26	P & R - DRP	SAP Field	SAP Field	CLAYTON WALSTEN	2469216115400018599793

Kaman Industrial Technologies
 213 West Wayne Street
 P.O. Box 2536, Fort Wayne, Indiana 46801-2536



Invoice Number: 0580976
 Invoice Date: 26-APR-2011
 Order Date: 15-APR-2011
 Customer P.O.: 4500013603
 Tag Number:
 Account Number: 17304
 TERMS: NET30

14



MB 01 001845 08819 B 7 A

CITY OF SAN DIEGO
 CENTRAL STORES MS56P
 1200 3RD AVE. SUITE 200
 SAN DIEGO CA 92101-4195



Your Order was Shipped: 26-APR-2011

To: CITY OF SAN DIEGO PARK & REC
 411 RAVEN ST MS 39
 SAN DIEGO CA 92102

Via: WILL CALL

STOCK NUMBER / DESCRIPTION	QUANTITY ORDERED	BACK ORDERED	SHIPPED	UNIT MEASURE	UNIT PRICE	EXTENDED PRICE
001 CRI 99171_SPEEDI-SLEEVE WEAR SLEEVE	1	0	1	EA	30.340	30.34
003 FAF 204PY3_RADIAL BALL BEARING	17	0	17	EA	22.590	384.03
004 FAF 9106PP_RADIAL BALL BEARING	4	0	4	EA	25.040	100.16
006 TIM L44649_BEARING CONE	5	0	5	EA	10.430	52.15

~~OK TO PAY~~
 Ms. AJ
 #5200149892

Remit Payment To: KAMAN INDUSTRIAL TECHNOLOGIES FILE 25356 LOS ANGELES CA 90074-5356	Questions Concerning This Invoice Please Contact: KAMAN INDUSTRIAL TECHNOLOGIES SAN DIEGO, CA 92113 (619) 233-5311	SUB TOTAL 566.68 TAX 49.58 MISC CHG FREIGHT/HANDLING TOTAL 616.26
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THANK YOU FOR YOUR ORDER!

This invoice is subject to the terms and conditions outlined on the reverse side.

Kaman Industrial Technologies provides innovative solutions to make our customers more productive, competitive and profitable.
 Material Safety Data Sheet (MSDS) available at <http://www.kamandirect.com/msds.htm>

Attachment I, Sample Kick-Off Meeting Agenda.

1. Points of Contact

- a. M&A audit team (Partner/Senior/Auditor)
- b. City of San Diego employee(s) (A/P, IT, other)

2. Audit Timeline

- a. Establish key milestones

3. Vendor Account Reconciliation

- a. Statement Request Mailing Approval
 - i. Approval of communication letter
 - ii. Final approval of vendor list
 - iii. Signature verification

4. Claim Confirmation Process

- a. Identification of overpayments/under-deductions
 - i. Validation (Open Payables [credit] Report, O/S Check List, cash refund log, Client internal findings).
 - ii. Documentation
- b. Recovery
 - i. Communication of findings to Client
 - ii. Recovery forms (i.e., cash refunds, vendor credits, or reduction of future liability)
 - iii. Review / Approve check request letter and chargeback letter
- c. Management Reporting
 - i. Weekly reports / Quarterly Reports / Final Report / Ad-hoc upon request

5. Systems Access

- a. Obtain system login for SAP and imaging system
- b. Determine access methodology (Secure VPN / San Diego issued laptop, etc.)

6. Other

Attachment II, Contractors Implementation Plan Supplement

Based on average annual non-payroll disbursements and transaction count of \$2B and 120K, respectively, upon selection as the City of San Diego’s service provider, we estimate that if the work starts July 1, 2021, the objectives can be substantially accomplished by November 1, 2021 (4 months). Although we feel that the audit should be completed in a 3.5-month period, M&A built in 2 weeks to account for potential slower vendor response rates related to COVID. It should be noted that occasionally the recovery stage can extend a few months beyond the completion of all other steps, depending on the amount of recovery versus spend amount with certain vendors or the length of time it takes to obtain a refund check.

The following implementation plan outlines M&A’s procedural steps, operational steps, technical approach, and all associated engagement milestones. Based upon the results of the Pre-Audit Planning meeting, which will take place within 10 days after the notice to proceed is given, M&A will modify the implementation plan if required. The high-level project calendar follows:

Week Ending	July					August				September				October				
	7/2	7/9	7/16	7/23	7/30	8/6	8/13	8/20	8/27	9/3	9/10	9/17	9/24	10/1	10/8	10/15	10/22	10/29
Obtain and Validate Data	█	█																
Conduct Pre-Audit Work	█	█	█															
Conduct Project Kick-Off Meeting			█	█														
Run Standard Reports	█	█	█															
Prep Statement Mailing	█	█	█	█														
1st Statement Mailing Request	█																	
Highlight Standard Reports	█	█	█	█	█													
Pull Highlighted Invoices			█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Claims Submission to The City of San Diego			█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
2nd Statement Mailing Request							█	█										
Present Interim Report										█	█							
Issue Draft Final Report																█	█	
Issue Final Report																		█

Audit phase

Accounts Payable Audit Plan / Methodology:

I. Data Collection & Analysis / Planning	Estimated time frame: 2 Weeks
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Obtaining complete and accurate data and continually modifying our work program to meet the specific needs of the current audit are essential elements for conducting a successful recovery audit. As our references will attest to, we have developed an extract process with SAP so there will be minimal

involvement by your IT Department for this project. For illustrative purposes, the data fields M&A will be reviewing are in **Appendix I: SAP Field Mapping Worksheet**. We understand that each Client is different and has their own unique reporting needs. Accordingly, M&A's IT Department will work hand in hand with The City of San Diego in obtaining the data required for the Accounts Payable Recovery Audit.

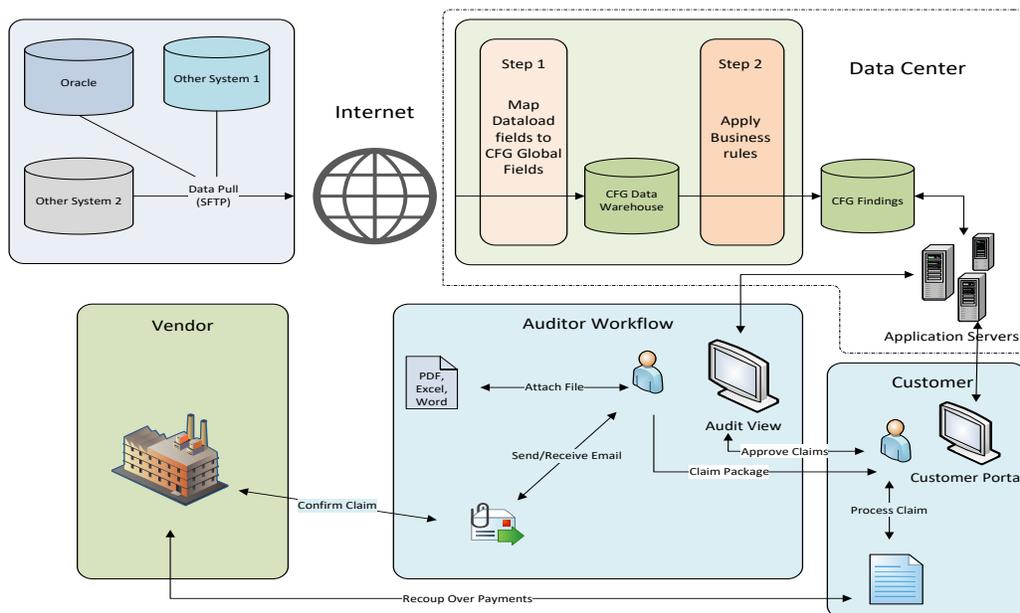
These data requests include, but are not limited to, the following files:

- Accounts payable paid invoice file (SAP)
- Vendor master file (SAP)
- P-Card disbursement files
- Invoice documentation

M&A uses Galvanize (formerly ACL - Audit Command Language) software to perform the majority of analysis of our Clients' data. We do not sell software nor will we install any software behind your Firewall. There will be no impact to any The City of San Diego network.

Galvanize is not limited by file size and allows M&A auditors to reach data from virtually any source, across any system, through a consistent user interface—whether housed in mainframes, servers, legacy systems, or PC networks. By independently comparing and analyzing data from ERP, P-Card, or other enterprise applications, ACL technology enables us to gain immediate insight into the transactional data underlying their business processes and financial reporting. We utilize advanced Visual Basic applications in Microsoft Access and Excel for reporting purposes.

The data files will be transferred to the secure data center which is SAS 70 Type II and PCI DSS compliant over the internet utilizing SFTP. M&A uses a software client for performing the transfer and decryption of data files. The data center utilizes the most advanced firewalls and network security that are tested throughout the year to maintain the data center's security certifications. The data center also conducts intrusion testing by a third-party security firm on a regular basis. Please see the following graphic for an overview of the data flow:



With complete and accurate data our auditors examine 100% of the data files provided using our software system to identify opportunities and trends for all auditable transactions. **M&A will work with City of San Diego personnel to obtain a listing of all potential overpayments which are being worked internally that might not be entered in SAP and we will create an exclusions table for these items. These items, as well as credits already entered in SAP will be deemed out of scope.** For the largest vendors, representing a minimum of 80%-dollar coverage, we closely analyze a representative sample of transactions in the vendor file. This detailed examination facilitates the identification of anomalies that would not be detected solely through analysis of the data files.

M&A will identify payment errors including, but not limited to: Duplicate payments, vendor overpayments, open vendor credit memos, payments made to incorrect vendors, payment of canceled invoices, vendor billing errors, payment for product not received, missed or incorrect discounts, missed or incorrect allowances and deal opportunities, discounts deducted in error on adjustments, unapplied debits or credits, unrealized or incorrect credits for product returns, re-stocking fees charged on product returns, incorrect pricing, erroneous EDI and ERS payments, incorrect pricing, freight charges on backorders and returns, erroneous freight and other miscellaneous add-on charges, missed rebates, volume incentives, and contract allowances.

M&A has a duplicate rule set that consists of 57 main business rules. The rules use a combination of comparisons on fields contained in an invoice header file with varying types of data (i.e. dates, numbers, text, etc.) to determine potential matching transactions. The rules incorporate false positive reduction algorithms. The rules focus on additional fields such as Purchase Order Number to verify that matching transactions do not have the same PO Number or that one of the PO Numbers is blank. Additionally, the duplicate rules verify split payments and credits to properly account for all transactions and minimize false

positives, thereby increasing the efficiency of the audit. Once these reports are generated, M&A’s most experienced auditors then fully examine each report/transaction.

Simultaneously, we request statements from The City of San Diego vendors (**Appendix II: Statement Request Letter Template**). The City of San Diego will approve the listing of vendors prior to the mailing. This step not only notifies the vendors that they are under audit, it also helps our auditors to more clearly understand their invoicing methodology. If vendor credits are reflected on these statements and are not reflected in the The City of San Diego system, we will determine the root cause of the credit and why the The City of San Diego system has not recorded the credit.

The statement audit is an integral part of the overall Accounts Payable Recovery Audit. It has been our experience that approximately 35% - 43% of audit findings relate to duplicate payments. A significant portion of the remaining audit findings are uncovered through the statement audit portion of the review. We are highly successful in obtaining statements from vendors because the vendor is requested to send information to a Certified Public Accounting (CPA) firm, not a recovery audit firm. Historically we receive responses from over 95% of the vendors in the top 80% spend. To minimize disruption to your staff, these statement requests instruct the vendors to direct all questions to our Customer Service Group.

The City of San Diego Estimated Resource Requirements

During the data collection & analysis phase there will be minimal involvement of The City of San Diego employees. The following table illustrates each department that M&A will interact with, the task(s) and specific activities involved, and the respective estimated time requirements.

Department	Task	Activities	Timing
IT	Data extract	Revise functional spec.	½ Day
		Develop extract	1 Day
		Test data/send file	½ day
Accounts Payable	Processing claims	Weekly claims processing	30-45 Mins/week

The time requirement for the Accounts Payable Department, based upon prior auditing experience, approximates 30 - 45 minutes per week. Activities involved with weekly claims processing include, but are not necessarily limited to, entering the confirmed claims M&A provides on a weekly basis when a vendor has instructed The City of San Diego to deduct, tracking weekly reports provided by us, and communicating with our engagement management team.

II. Fieldwork	Estimated time frame: 3-4 Months
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Assuming M&A is provided with the requested remote access, all of our work will be performed offsite.

III. Recovery	Estimated time frame: On-going
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Prior to contacting The City of San Diego vendors, we thoroughly research each potential overpayment so as not to waste their time researching frivolous claims. For each claim identified, we will examine supporting documentation, including invoices, checks, purchase orders, deal sheets and other information, as appropriate. Our personnel will obtain the information necessary to support all claims by reviewing and copying documentation in whatever format is available (i.e., hard copy, electronic, etc.), wherever the information is located (i.e., The City of San Diego offices, offsite storage, etc.).

Prior to submitting claims to The City of San Diego for review, we will review the open payables report, the internal post audit team’s findings, the outstanding checks list, the cash receipts log, as well as any items that The City of San Diego has already deducted to determine that a credit has not already been taken for that particular item. At this point we positively confirm all claims with vendors.

Our review process ensures the appropriateness and accuracy of the claims before The City of San Diego spends any time reviewing them. Approaching 3rd parties with valid, complete claims, accompanied by all supporting documentation is the best way to preserve relationships. We feel that our quality control process, coupled with staffing our CPA firm with experienced accountants that understand the internal control process, allows us to effectively and efficiently recover funds while maintaining and enhancing existing payee relationships.

Each claim produced is supported by the following documentation:

- Recovery Summary – contains invoice number, invoice date, payment amount, check number, check date, description of the finding and vendor contact information. **(Please see Appendix III: M&A Claim Template for The City of San Diego Recovery)**
- Copy of invoice(s) or credit memo(s).
- Supporting documentation – all other information necessary to support the claim including a copy of the check, purchase order, deal sheets/contracts, receiving ticket, bill of lading, etc.

For recurring vendors, we obtain a credit memo, a refund check or process claims using your debit methodology. Copies of supporting documentation will be provided to vendors as needed.

For non-recurring vendors we send a letter, on your letterhead, to the vendor requesting a refund check. The letter contains our Customer Service Group phone number and they field all inquiries from the vendors

regarding the claims. Copies of supporting documentation will be provided to vendors as needed. Refund checks will be made payable to The City of San Diego, sent to us for tracking purposes, and then forwarded to you to be deposited. We will follow-up with each vendor until every claim is recovered.

The recovery methodology may be modified depending on your preference. We understand that you will approve any communications or invoice formats prior to submission and we will comply with all mandates set forth by The City of San Diego.

IV. Reporting and Follow-Up	Estimated time frame: On-going until complete
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M&A considers management reporting to be a key element in the delivery of our services and we tailor our reporting to meet your needs (Please see Appendix 4). Our engagements are designed not only to recover lost profits for our Clients, but also to provide additional value through our practical recommendations to reduce future lost profits. A root cause analysis is an essential part of our reporting and will be delivered in writing and presented in person, if requested. Although communicated throughout the engagement, our recommendations will be included in a final report at the conclusion of audit fieldwork.

In order to track claims processing cycle times, we provide a weekly recovery summary which tracks claims from the time they are given to the Client for claims entry all the way through claims recovery. Each claim is dated as to the time it is given to the Client and is aged accordingly.

We are constantly working with our Client base to provide new and insightful reports that allow them to make sound business decisions. Our auditors possess an in-depth understanding of IT and financial analysis and have worked with management at all levels.

Follow-Up / Key Accounts Payable Recovery Audit Aspects:

With very few exceptions, M&A recovers all confirmed overpayments for our Clients. To the extent there are claims which have not been fully remediated by the end of the audit, M&A will work with The City of San Diego to agree upon final resolution of those claims. Typically, we will continue to follow-up with the vendor until we feel that progress is not being made and the vendor is not being responsive. At this time, we bring the claim and vendor to our Clients' attention and discuss next steps which may include the involvement of purchasing or the legal department, depending upon the value of the claim. Claims rarely fall into this category.

As our references will attest to, our audit methodology allows us to provide quantifiable measurements of success, including but not limited to the following:

- Seamless integration into The City of San Diego's business processes.
- Complete turn-key operation of the claim's management process.
- Proactively provide management reports to allow for the analysis of The City of San Diego's claims and cost reduction opportunities.
- Proactively provide benchmark information from similar companies.

- Minimize the cycle time from performing the initial reconciliations to closing the respective audit with either a supplier credit or refund check.
- 100% of the claims submitted are approved by the supplier and The City of San Diego.
- 24-hour maximum response time to The City of San Diego's questions, concerns, and reporting needs.
- Flexibility, professionalism and positive attitude while working with all The City of San Diego points of contact

A main driver of our Client retention relates to our reporting and process recommendations to reduce lost profits going forward. Our engagements are designed not only to recover lost profits for our Clients, but also to provide additional value through our practical recommendations to reduce future lost profits. A Root Cause Analysis is an essential part of our reporting and is provided for each overpayment we identify. As our references will attest to, as a CPA firm, we have a better understanding of the internal control environment than our competitors.

Our reporting, provided both during and at the conclusion of the audit, will show where The City of San Diego's SOP's are being adhered to, where stronger adherence is required, and where they can possibly be updated/modified. The results often highlight communication gaps between Purchasing and Accounts Payable as well as provide your Team with actionable reporting to assist with training related to invoice entry to prevent future duplicate payments.

Sales and Use Tax Services Draft Work Plan

I - Overview

Equity Recovery Solutions (ERS) has extensive experience providing reverse sales and use tax audits to various industries and clients. The basis of our name comes from the goal to help **EQUALIZE** the playing field between our clients and the government agencies/auditors that only seek to identify additional taxes that may be owed. By being a strong advocate, we strive to help you gain the edge back and achieve significantly improved results.

We have developed strong relationships and a solid reputation with all those we interact with, including government staff, peers and clients. Our goal to build long term relationships comes with dedicated service and commitment to serve your needs before our own. Our culture imbeds this philosophy so that we earn the role of becoming your primary trusted advisor. We are proud to be joining MI to provide recovery services and believe that together we can provide the highest level of experience, quality and service.

II - Project Approach

Understand Your Operations

Initially, during the initial Kick Off meeting, we will introduce the ERS team and establish communication lines. During this meeting, we will discuss sales and use tax objectives and goals, document historical tax planning strategies and prior claims for refunds filed.

Our staff locates necessary data, reviews and analyzes source documents; accounting records, compliance system, policy and procedures, sales tax filings, audit history and sales and use taxes decision processing.

Recovery Process – Project Steps

The California Department of Tax & Fee Administration (CDTFA) administers procedures for the preparation, timing and documentation requirements for filing and supporting refund claims. A key factor to the processing of refund claims depends on the type of tax involved; “sales tax” vs. “use tax”. The processing mechanism and statute periods available depend on the type of tax, so setting priorities to protect the maximum periods available is the very first step. Below you will find an overview of the type of tax and claim processing mechanism:

- Sales tax overpayments made from an in-state vendor may only be recovered by the retailer/vendor who initially collected and reported the tax.
- Use tax overpayments on your tax returns must be recovered directly from the CDTFA
- Use tax overpayments collected by an out of state seller may be recovered directly from the CDTFA or by the retailer/vendor who made the over collection.

In situations where a choice to file claims directly with the State or through the vendor can be made, your audit history, open statutes available and vendor cooperation are key factors as to the best option. The decision will be made on a case-by-case scenario.

Finally, vendor’s statute of limitations drives the available periods, therefore, vendor refund claims normally are addressed early in the process so that there is time to initiate communication with the vendors to file the necessary refund claims and documentation. ERS obtains approval from the City of San Diego prior to submission of refund overpayment reports.

Project Steps

ERS utilizes a multi-step process to document, support and validate the refund overpayments. This design provides client feedback throughout the process and obtains client approval prior to submission of documents to government agencies/auditors and/or vendors.

Step I – Initial Meetings, Examination and Review

Our approach begins with the “Learn & Understand” step. We meet with key personnel to establish lines of communication, detail objectives and goals, document historical tax planning strategies and prior refund claims. Also, we will work to gain an understanding of staff needs, availability of information and Accounts Payable and Purchase Department processing of transactions.

Step II –Initial Documentation

For each department or recovery areas, we will initially review and analyze department activities and/or tax payments against refund opportunities and vendors known to be over collecting tax; based on our experience with other clients. We will locate and retrieve preliminary source documents and perform technical research to confirm potential claimed exemptions. Our review also includes a detailed analysis of historical tax payments and/or tax activity by GL, vendor, cost center, etc.

At the completion of Step II, we will provide you with a high-level overview of the recovery potential, along with any potential issues that may be identified. This information will be used to obtain your approval to move to next steps.

Step III – Data Analysis and Testing/Sampling Development

After the presentation and approval of our preliminary results, we then refine our project approach and finalize the “Planning” portion of the ERS approach which will include all the information that has been previously gathered. Also, in this step our professionals will develop detailed testing /analysis procedures that will be used to establish and quantify overpayments.

Our professionals have extensive knowledge and experience in using technology, software and sophisticated testing methodologies to obtain the maximum refund, focus on areas of highest probabilities of opportunities and require the least amount of client resources.

ERS utilizes SQL, ACL and other database technologies for data interrogation and analysis. Even if statistical sampling is not ultimately used to quantify overpayments, these tools are invaluable in the analysis and identification process. They allow us to identify trends, volumes and other characteristics so that we focus our efforts on transactions with the greatest impact.

This approach of using technology allows ERS to find a balance between looking at only large transactions (“low hanging fruit”) and looking at large volume of smaller transactions that in aggregate can provide significant refund opportunities.

Step IV - Detailed Documentation and Support

The primary focus in this step will be to prepare detailed reports to quantify and document each claim for refund. ERS prepares comprehensive refund packages that fully document all refund and includes quarterly totals, product/refund area summaries, invoice details, supporting invoice copies and supporting research.

We know what auditors are looking for, so we provide as much documentation beforehand as possible. At the completion of this step, we will submit bound reports for your approval and review prior to submission to vendors and/or the CDTFA.

Step V – Representation

The “representation portion” of the refund process involves significant time to follow-up, answer questions and “push” the refunds through the process. In this step, ERS professionals closely work with vendors and auditors to ensure that our claims are fairly and accurately reviewed and handled. ERS staff will review additional information requests, gather required documents and handle all other aspects of the approval process.

Step VI –Process Improvement

ERS separates itself from competitors by providing unparalleled process improvement. As part of our effort to build long term relationships and gain your trust, we strive to help fix as much as possible and earn our fees every time we come back to perform another review in the future.

Successful process improvements reduce the number of same overpayments recurring in the future and also provide increased education and knowledge. As part of our refund recovery work, we include the additional following services.

- Comprehensive Sales Tax Training Course
- Detailed files outlining tax code adjustments based on refund findings
- Detailed Executive Summary outlining over-payments, adjustments and future compliance process improvements actions

III - Experience/Project Team

Three fundamental principles are the key goals that make ERS successful and allow us to bring the highest quality of service to our clients:

1. Our mission to provide “savings through knowledge and service.”
2. Build strong long-term relationships and become client’s trusted advisor.
3. Maintain professionals who provide the highest levels of service and thoroughly understand their respective fields.

Knowledge and experience support the foundation that ERS was built upon. ERS focuses on California Sales & Use Tax issues, allowing us to hone our skills to be the best specialized service provider.

Experienced Industries

Clients serviced by ERS professionals span a broad variety of industries and sizes. This ensures expertise and experience at all levels; from Fortune 500 companies all the way to small corporations.

Government

ERS professionals have served many public and governmental institutions, providing recovery services, audit management, technical research and assistance and representation before taxing agencies.

- ☞ County Governments
- ☞ City Governments
- ☞ State Universities
- ☞ School Districts

Hospitals / Healthcare

ERS professionals have extensive experience within the healthcare industry. California Sales Tax Laws and Regulations for this area are very complex. Their experience with various medical related companies includes the following:

- ☞ Over 100 Medical Centers/Hospitals in California
- ☞ Large medical central supply vendor
- ☞ International implant manufacturer

Insurance and Financial Services

ERS has extensive knowledge and experience in the Insurance area. Our professionals have served many large insurance providers, mainly focusing on their California operations, specifically applying the “in Lieu of” provisions exempting them from “use tax”.

Other Major Industries Served

- Manufacturing
- Software Development and Sales
- Industrial and Medical Gases Manufacturing and Distribution
- Printing and Related Technologies
- Biotechnology
- Copier Manufacturer, Sales and Leasing
- Aerospace and Satellite Manufacturing

Key Personnel Assigned to Engagement

Jacob Bholat will be the primary contact and responsible for all your needs and services. Additional Managers and Staff will be assigned to this project to ensure we achieve our objective to deliver the highest standards.

Jacob Bholat

Partner – Sales and Use Tax

Jacob's experience includes over 20 years of state and local tax consulting. Prior to co-founding ERS, he worked for the Board of Equalization, Deloitte's National Sales & Use Tax Practice and as a Partner with another local firm.

Jacob specializes in providing sales tax recovery, audit services and transactional planning for clients in various industries, including many not for profit and government entities. His primary focus, for many years, has been in the healthcare and government area.

His clientele includes hospitals, government entities and medical vendors. He has also served many large businesses in the manufacturing, insurance, satellite, leasing and financial services area.

Rudy Rodriguez

Director of Tax and Statistical Sampling

Rudy has over 35 years of experience in the sales tax area working for the Board of Equalization (BOE). Rudy joined ERS in 2012, after leaving the BOE, serving as our internal statistical sampling expert. We can proudly say that no other consulting firm has this level of expertise and insight into audit statistical sampling.

From 2001 to 2012, Rudy served as a Computer Audit Specialist, where he handled and processed taxpayers' data for numerous large audits. As a Computer Audit Specialist, he has processed data and provided statistical samples to auditors throughout Southern California including many Fortune 500 companies. He also received extensive training on the various aspects and issues related to statistical sample auditing techniques provided by the Professional Development Institute from the University of North Texas.

IV – Sales and Use Tax ReferencesF

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Cari Erickson, Controller
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Attachment III: Sample Check Request Letter



July 1, 2021

City of San Diego Vendor Name
Address I
City, State Zip Code

Dear Supplier:

We have engaged the Certified Public Accounting (CPA) firm of Moody Associates, P.A. to perform an audit of our accounts payable process. In connection with this audit it was determined that an overpayment was made to your organization in the amount of \$X,XXX.XX.

The refund payment should be payable to the City of San Diego and sent directly to Jane Smith at 1200 Third Avenue, Suite 200, San Diego, CA 92101. Moody Associates, P.A. should not be referenced on the check. **Please do not change the “remit to” address in your system.** All questions related to this matter should be directed to the Moody Associates, P.A. Customer Service Group at 843-388-8663.

Very truly yours,

Designated City of San Diego Employee
Manager Accounts Payable Operations



Sample Management Reporting

MOODY
ASSOCIATES, P. A.

Certified Public Accountants
Recovery Audit Specialists

Executive Summary

In May of 2020, Moody Associates, P.A. (M&A) was engaged by **ABC Company** to perform an audit of accounts payable disbursements for the period from January 1, 2019 through December 31, 2019 (here after, M&A presented identified and available credits to **ABC Company** that were greater than 180 days old). This report summarizes the results of the audit through January 29, 2021.

Total Spend: Total auditable spend was **\$1,884,342,103** for the period 1/1/2019 – 12/31/2019.

Transaction Count: ABC Company issued payments, audited by M&A, for **613,929** invoices.

Active Vendor Base: The active auditable vendor base consisted of **6,774** suppliers.

Year	Auditable Spend (\$)	Initial Audit Recoveries	Prior Audit Recoveries	Current Audit Recoveries	Total Recoveries	Recoveries As % of Auditable Spend
2017	\$ 1,415,364,872	\$ 231,941	\$ 51,382	\$ 70,981	\$ 354,304	0.025%
2018	1,840,482,222	261,371	225,879	5,333	492,584	0.027%
2019	1,884,342,103	-	26,901	514,324	541,224	0.029%
Total Auditable Spend	\$ 5,140,189,197	\$ 493,313	\$ 304,162	\$ 590,637	\$ 1,388,112	0.027%
2020	-	-	-	\$ 51,664	\$ 51,664	
Total 2020 Findings	-	-	-	\$ 51,664	\$ 51,664	
Total Findings	\$ 5,140,189,197	\$ 493,313	\$ 304,162	\$ 642,301	\$ 1,439,776	

M&A's current audit findings totaled **\$642,301.00**. It should be noted that in all audits, there are instances where amounts from prior audit periods are identified and remediated. In order to provide **ABC Company** with an accurate ratio of findings to non-payroll disbursements, M&A aggregated findings for the periods 2017 – 2019 and calculated the findings as a percentage of total auditable spend of **0.027%**. These results show that ABC Company performs better than industry standards. Industry standards state that, on average, **99.900%** of all disbursements are processed accurately by accounts payable. This audit indicates that through ABC Company's internal processes and procedures, **99.973%** of all disbursements were accurate and/or internal routines captured any overpayments and under-deductions.

The M&A Team would like to thank the **ABC Company** for the opportunity to review the accounts payable function. As always, we received excellent cooperation from your Staff. We appreciate **ABC Company's** business and look forward to earning your continued trust and recommendations.

Total Findings

Summary of Findings By Type / Year													
	Amt_2017	Cnt_2017	Amt_2018	Cnt_2018	Amt_2019	Cnt_2019	Amt_2020	Cnt_2020	Total_Amt	Total_Cnt	Avg_\$	% of Total	Cum_%
Returned product	\$ 57,283	5	\$ 2,065	5	\$ 115,853	78	51,664	6	\$ 226,866	94	\$ 2,413	35.3%	35.3%
Paid credit memo	1,613	1	-	-	201,749	1	-	-	203,362	2	101,681	31.7%	67.0%
Product Trade In	-	-	-	-	150,000	1	-	-	150,000	1	150,000	23.4%	90.3%
Duplicate payments (A)	7,551	2	3,268	3	10,282	27	-	-	21,101	32	659	3.3%	93.6%
Change in estimate	-	-	-	-	17,928	1	-	-	17,928	1	17,928	2.8%	96.4%
Paid canceled invoice	3,220	3	-	-	14,052	14	-	-	17,272	17	1,016	2.7%	99.1%
Vendor application issues	-	-	-	-	2,463	2	-	-	2,463	2	1,232	0.4%	99.5%
Paid wrong amount	1,314	3	-	-	-	-	-	-	1,314	3	438	0.2%	99.7%
Vendor billing error	-	-	-	-	840	1	-	-	840	1	840	0.1%	99.8%
Products not received	-	-	-	-	535	2	-	-	535	2	267	0.1%	99.9%
Recall	-	-	-	-	390	1	-	-	390	1	390	0.1%	100.0%
Price adjustment	-	-	-	-	231	3	-	-	231	3	77	0.0%	100.0%
Total Findings	\$ 70,981	14	\$ 5,333	8	\$ 514,324	131	\$ 51,664	6	\$ 642,301	159	\$ 4,040	100.0%	100.0%
Findings % By Year	11%		1%		80%		8%		100%				

(A) Please see the following slide which breaks down the duplicate payments by 4 distinct root causes.

Duplicate Payments

Summary of Duplicate Payments By Type / Year

	Amt_2017	Cnt_2017	Amt_2018	Cnt_2018	Amt_2019	Cnt_2019	Amt_2020	Cnt_2020	Total_Amt	Total_Cnt	Avg_\$	% of Total	Cum_%
Invoice entry error	\$ 7,551	2	\$ 2,118	2	\$ 6,314	16	-	-	\$ 15,983	\$ 20	\$ 799	75.7%	75.7%
Double invoicing	-	-	-	-	2,835	9	-	-	2,835	9	315	13.4%	89.2%
Paid wrong vendor	-	-	1,150	1	1,069	1	-	-	2,219	2	1,110	10.5%	99.7%
Invoice and order confirmation	-	-	-	-	64	1	-	-	64	1	64	0.3%	100.0%
Total Findings	\$ 7,551	2	\$ 3,268	3	\$ 10,282	27	\$ -	-	\$ 21,101	32	\$ 659	100.0%	100.0%
Findings % By Year	36%		15%		49%		0%		100%				

- ➡ Duplicate payments constituted only **\$21,101**, or **3.3%** of the total overpayments identified.
- ➡ Accounts Payable continues to adhere to their published internal controls guidelines and proactively captures the majority of duplicate payments inadvertently made.
- ➡ The internal control structures in place have proven effective in capturing, internally, the majority of incorrect payments which were issued.

Current vs. Prior Audit Comparison

Comparison of Total Findings By Type / Year: Current Audit vs. Prior Audit

	Prior Audit Findings	Prior Audit Count	Average \$ Claim	Current Audit Findings	Current Audit Count	Average \$ Claim	Difference Amount	Difference Pct (%)	Difference Count	Difference Pct (%)	Difference Avg_ \$
Returned product	\$ 50,880	115	\$ 442	\$ 226,866	94	\$ 2,413	\$ 175,986	345.9%	(21)	-18.3%	\$ 1,971
Paid credit memo	76	1	76	203,362	2	101,681	203,286	267481.3%	1	100.0%	101,605
Product Trade In	1,500	2	750	150,000	1	150,000	148,500	9900.0%	(1)	-50.0%	149,250
Rebate	24,111	2	12,055	-	-	-	(24,111)	-100.0%	(2)	-100.0%	(12,055)
Duplicate payments (A)	37,769	12	3,147	21,101	32	659	(16,668)	-44.1%	20	166.7%	(2,488)
Change in estimate	43,258	1	43,258	17,928	1	17,928	(25,330)	-58.6%	-	0.0%	(25,330)
Paid canceled invoice	145,188	17	8,540	17,272	17	1,016	(127,916)	-88.1%	-	0.0%	(7,524)
Vendor application issues	17,754	13	1,366	2,463	2	1,232	(15,291)	-86.1%	(11)	-84.6%	(134)
Sales tax	1,884	1	1,884	-	-	-	(1,884)	-100.0%	(1)	-100.0%	(1,884)
Paid wrong amount	2,290	9	254	1,314	3	438	(976)	-42.6%	(6)	-66.7%	184
Rent adjustment	1,307	1	1,307	-	-	-	(1,307)	-100.0%	(1)	-100.0%	(1,307)
Recall	1,060	2	530	-	-	-	(1,060)	-100.0%	(2)	-100.0%	(530)
Vendor billing error	349	2	174	840	1	840	491	140.9%	(1)	-50.0%	666
Unused advertising	425	1	425	-	-	-	(425)	-100.0%	(1)	-100.0%	(425)
Products not received	4,686	2	2,343	535	2	267	(4,151)	-88.6%	-	0.0%	(2,075)
Recall	-	-	-	390	1	390	390	100.0%	1	100.0%	390
Price adjustment	1,227	4	307	231	3	77	(995)	-81.2%	(1)	-25.0%	(230)
Total Findings	\$ 333,762	185	\$ 1,804	\$ 642,301	159	\$ 4,040	\$ 308,539	92.4%	(26)	-14.1%	\$ 2,236

➡ The average dollar per claim in the current audit increased by **\$2,236.00**.

➡ 2 claims for the same vendor, related to paying a credit memo and a product trade-in, accounted for **\$351,749.00**, or **54.7%** of total findings. Excluding these 2 claims, findings decreased audit-over-audit by **\$43,210.00**, or **12.9%**.

➡ Total findings increased by **92.4%** however the total claim count decreased by **14.1%**.

Spend Stratification & Statistics

Transaction Stratification	Transaction Count			Transaction Dollars (\$)			
	Records	Percentage	Cumulative Percentage	Dollar Value	Percentage	Cumulative Percentage	Average \$ Per Trans.
\$0 - \$250	296,974	49.4%	49.4%	\$ 25,426,869	1.3%	1.3%	\$ 86
\$250 - \$500	73,415	12.2%	61.7%	26,155,286	1.4%	2.7%	356
\$500 - \$750	38,936	6.5%	68.1%	23,827,422	1.2%	4.0%	612
\$750 - \$1,000	26,507	4.4%	72.5%	22,958,343	1.2%	5.2%	866
\$1,000 - \$2,500	68,500	11.4%	83.9%	109,669,709	5.7%	10.9%	1,601
\$2,500 - \$5,000	44,568	7.4%	91.4%	156,549,780	8.2%	19.1%	3,513
\$5,000 - \$7,500	16,330	2.7%	94.1%	99,727,530	5.2%	24.3%	6,107
\$7,500 - \$10,000	8,354	1.4%	95.5%	72,158,638	3.8%	28.1%	8,638
\$10,000 - \$25,000	16,401	2.7%	98.2%	253,597,839	13.3%	41.4%	15,462
\$25,000 - \$50,000	5,936	1.0%	99.2%	205,064,780	10.7%	52.1%	34,546
\$50,000 - \$100,000	2,553	0.4%	99.6%	178,593,062	9.4%	61.5%	69,954
\$100,000 - \$250,000	1,669	0.3%	99.9%	258,756,990	13.6%	75.1%	155,037
\$250,000 - \$500,000	352	0.1%	100.0%	122,219,502	6.4%	81.5%	347,214
\$500,000 - \$750,000	108	0.0%	100.0%	67,243,281	3.5%	85.0%	622,623
> \$750,000	153	0.0%	100.0%	286,436,653	15.0%	100.0%	1,872,135
Total	600,756	100.0%	100.0%	\$ 1,908,385,683	100.0%	100.0%	\$ 3,177

➤ **68.1%** of the transactions comprise only **4.0%** of total spend.

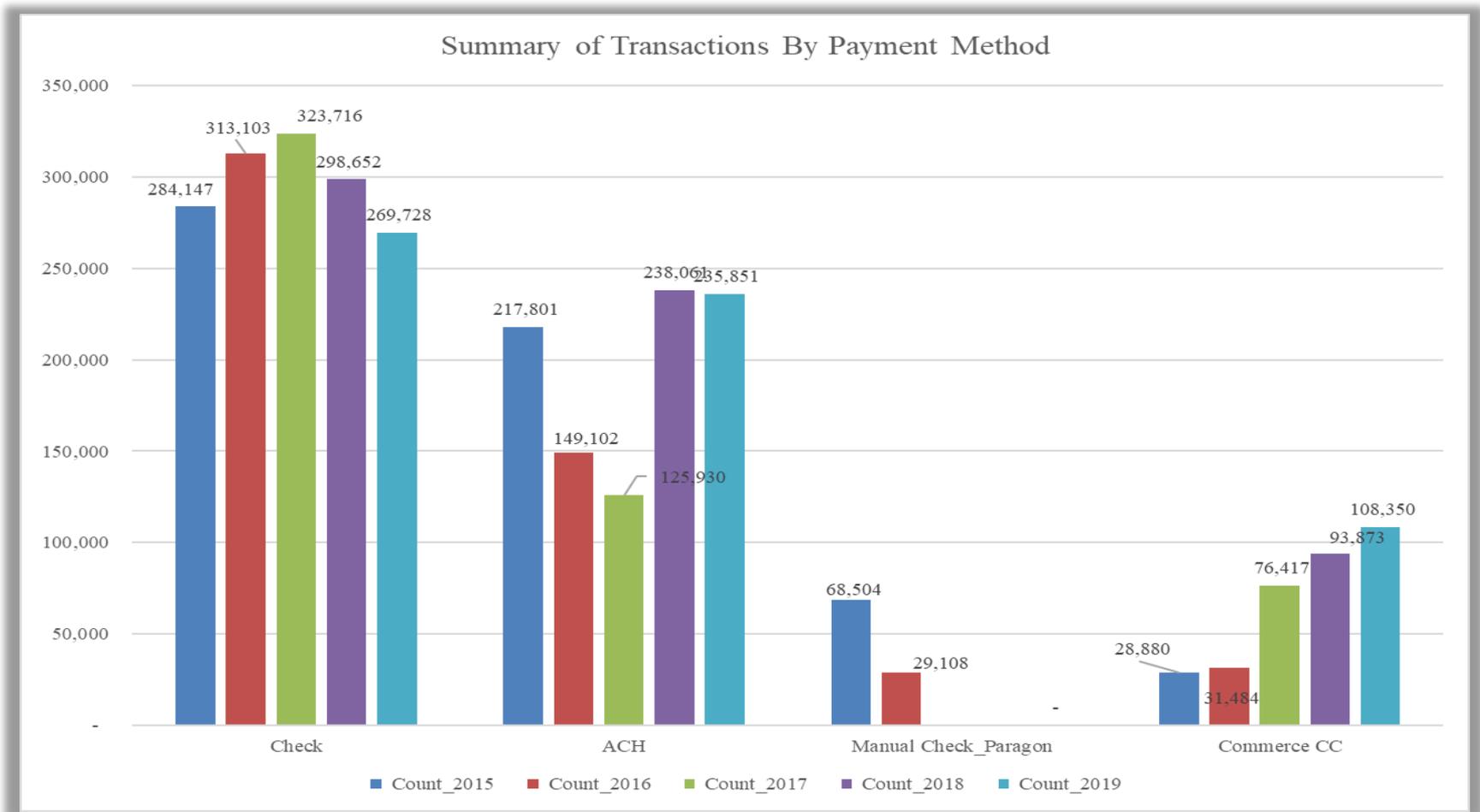
➤ **71.9%** of total spend relates to only **27,172** transactions, or **4.5%**.

➤ Statement request letters were sent to **1,744** suppliers.

Transaction Amounts Less Than Zero:

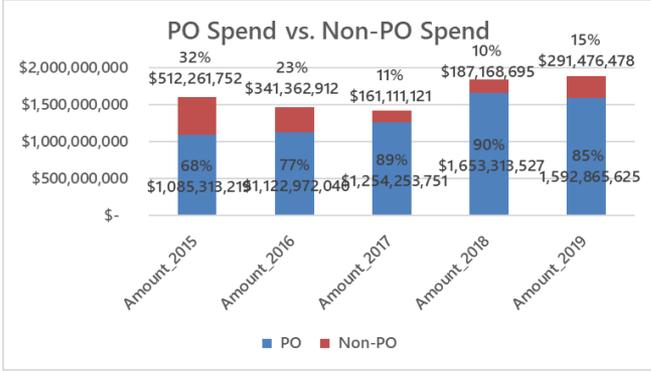
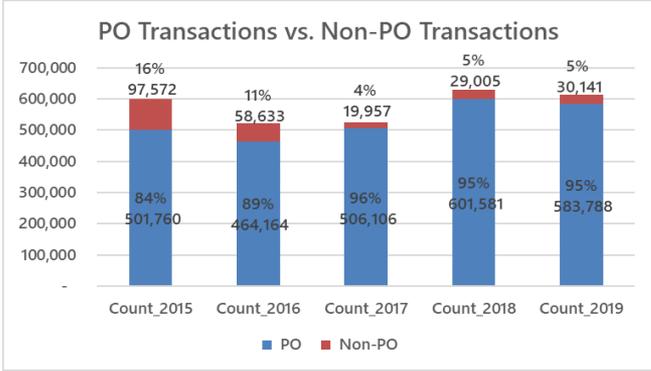
Amounts Less Than or = \$0	<u>13,173</u>	<u>\$ (24,043,581)</u>
Tie-In To Auditable Spend	<u>613,929</u>	<u>\$ 1,884,342,103</u>

Spend Analytics



Spend Analytics

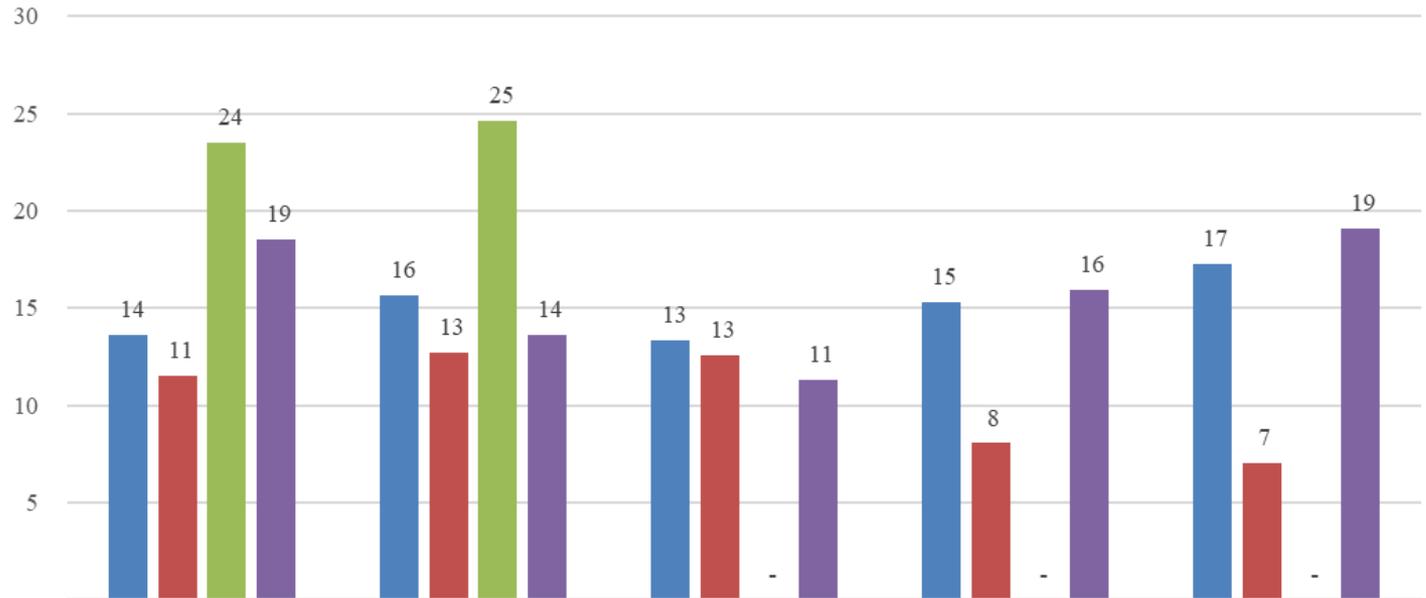
The charts below represents PO usage, both transaction amount and count, for the suppliers under audit. Although non-PO spend increased between 2018 and 2019, the non-PO transaction count remained steady at 5%. It should be noted that a significant portion of the non-PO spend was directed to the State of Michigan. The charts clearly indicate the positive PO usage trend as 85% of the total dollars under audit have PO's and 95% of the transactions under audit have PO's. ABC Company should continue to expand the use of PO's which will enhance the internal control environment. The listing of suppliers on this slide do not have transactions supported by PO's and represent a possible area of opportunity to expand PO usage.



Vendor_Name	Vendor_Number	Cum_Spend	Trans_Count	Avg \$/Trans
STATE OF MICHIGAN	13769	\$ 104,090,773	353	\$ 294,874.71
DTE ENERGY	12363	21,314,914	4,285	4,974.31
AMERICAN EXPRESS TRAVEL RELATED SERV CO	33428	17,593,444	30	586,448.13
DELTA DENTAL PLANS ASSN	19766	16,192,108	12	1,349,342.32
AT&T	10836	8,625,098	1,292	6,675.77
CITY OF ROYAL OAK	23796	4,136,417	115	35,968.84
AMERICAN ANESTHESIOLOGY OF MICHIGAN PC	6338	3,874,961	21	184,521.97
CONSTELLATION NEWENERGY	12652	3,709,897	312	11,890.69
SP III WEST BLOOMFIELD LLC	6240	3,656,382	82	44,590.03
OAKWOOD ENTERPRISES	12295	3,490,617	49	71,237.08
MICHIGAN HEALTHCARE PROFESSIONALS PC	14311	3,206,946	14	229,067.54
MHA KEYSTONE CENTER	12962	3,104,028	50	62,080.56
ROCHESTER HILLS HEALTH & WELLNESS BLDG	3217	2,958,841	36	82,190.03
USAA ANNUITY SERVICES CORPORATION	36367	2,680,000	4	670,000.00
BEAUMONT CARE PARTNERS LLC	25229	2,580,229	14	184,302.08
VISION SERVICE PLAN	19712	2,483,850	24	103,493.74
BP CANADA ENERGY MKTG CORP	1980	2,368,340	12	197,361.66
CITY OF DEARBORN	10980	2,023,675	80	25,295.93
DEARBORN SCHAEFFER OFFICE CO LLC	13577	1,955,639	12	162,969.93
FORD MOTOR LAND DEVELOPMENT CORP	11031	1,938,706	12	161,558.84
DILLON ENERGY SERVICES INC	12667	1,844,706	130	14,190.05
TROY CAMPUS MEDICAL BLDG LLC	1618	1,816,620	60	30,277.00
Total		\$ 215,646,189	6,999	\$ 30,811.00

Spend Analytics

Average Days-To-Pay By Payment Type (Payment Date - Entry Date)



	Count_2015	Count_2016	Count_2017	Count_2018	Count_2019
■ Check	14	16	13	15	17
■ ACH	11	13	13	8	7
■ Manual Check Paragon	24	25	-	-	-
■ Commerce CC	19	14	11	16	19

■ Check ■ ACH ■ Manual Check Paragon ■ Commerce CC

Attachment V: Project Team Resumes

Donald S. Moody, CPA
President / Managing Partner
E-mail: dmoody@moodyassociates.net

Employment History

Moody Associates, P.A., Mt. Pleasant, South Carolina
Managing Director, June 2002 – Present

CPA and Consulting firm specializing in accounts payable recovery auditing that is focused on providing Clients with measurable business results. Responsible for all operations and financial performance while concentrating on maximizing Client recoveries at all times. Directly responsible for planning and managing all engagements and working closely with all Clients (including many Fortune 500 companies). Current clients include manufacturing, financial services, pharmaceuticals, telecommunications, healthcare, retail and hospitality.

Stout, Causey & Horning, PA Baltimore, MD
Director of Recovery Audit Services Division, February 1997 – June 2002

100 plus person CPA firm focusing on Recovery Audit and other specialized consulting services. Lead all operations and financial performance of group of 45 professionals specializing in Accounts Payable recovery auditing. Built practice to approximately 6th largest recovery audit firm in the nation. Work closely with the firm's largest clients (including many Fortune 500 companies). Clients cover all industries including universities, retail, technology, manufacturing, distribution, financial services, healthcare, etc.

Medical Receivables Management, Baltimore, MD
Subsidiary of Stout, Causey & Horning, PA, Baltimore, MD
President, January 1999 – December 2000

Lead all operations of medical billing company assisting clients with receivable issues.

Donald S. Moody, CPA, Baltimore, MD
Sole Proprietor, November 1996 – February 1997

Provided healthcare consulting services to a major mental healthcare provider.

Integrated Health Services, Baltimore, MD
Vice President Operations, Mobile Diagnostics Division, February 1995 – October 1996

Primary responsibilities included controlling growth, reducing costs and developing strategies to effect planned synergies as a result of 24 acquisitions. Major accomplishments included increasing cash flow through improved billing procedures.

Attachment V: Project Team Resumes

**Essex Corporation, Jessup, MD
Chief Financial Officer, November 1991 – February 1995**

Retail chain of 26 Sunny's Outdoor stores operating in three states and the District of Columbia.

**Lucas Brothers, Inc., Baltimore, MD
Corporate Controller, May 1989 – November 1991**

Maryland's largest wholesale distributor of office products and office furnishings, also providing design services.

**Arthur Anderson & Co., Baltimore, MD
Audit Senior, December 1985 – May 1989**

Education

**University of South Carolina, May 1985
BS – Business Administration/Accounting**

Attachment V: Project Team Resumes

Garrett J. Dieck

Director

E-mail: gdieck@moodyassociates.net

Employment History

Moody Associates, P.A., Mt. Pleasant, South Carolina

Director, November 2002 – Present

- As a director with Moody Associates, P.A., Garrett's responsibilities include engagement management, business development and management of client relationships. Garrett also serves as director of the technology group. In this capacity, he ensures that Moody Associates, P.A. remains on the cutting edge of technology by providing our Clients and empowering our auditors with the technological tools necessary to maximize the effectiveness of the audit.

Robert Bosch Corporation, Charleston, South Carolina

Senior Financial Analyst, September 2000 – November 2002

- Lead annual business planning activities for the Anti-Lock Braking System (\$315 M Sales) product line in coordination with Charleston plant management and Robert Bosch North America.
- Develop costing models and profitability analysis for both mature and start-up product lines to answer requests for quotations.
- Support and interact with Engineering, Purchasing, and Manufacturing in analyzing financial results for special projects.
- Develop economic justifications for new businesses and projects in concert with corporate functions in the United States and Germany.
- Develop standard costs for material, labor, and overhead using Activity Based Costing and Feature Costing methodologies.

Western Star Trucks US, Inc., Charleston, South Carolina

Financial Analyst, June 1999 – September 2000

- Create annual operating plan and five-year forecast to include departmental budgets, financial statements, manpower requirements, and capital budgeting.
- Responsible for establishing and maintaining standard costs for material, labor, and overhead.
- Audit internal policies to ensure process compliance as relates to inventory, accounts payable, payroll, capital expenditures, and information systems management.
- Create management reports, which interface Hyperion and Excel, to track and forecast variances to plan with respect to truck materials cost, labor cost, and overhead expenditures.

Proprietary and Confidential

Attachment V: Project Team Resumes

- Process owner of Total Cost Improvement (TCI) initiative that identifies, implements, and tracks cost savings projects.

PricewaterhouseCoopers, LLP, Charleston, South Carolina

Consultant, February 1998 – June 1999

Engagements to include:

Federal Deposit Insurance Corporation (FDIC), Division of Finance

- Use Activity Based Costing methodologies to support the FDIC's Allocation and Cost Recovery Task Force.
- Conduct review and validation of the task force's activity analysis and development of costing and pricing methodologies.
- Develop fund allocation methodologies for costs that were no longer recovered from failed financial institutions.
- Provide process improvement support for allocating indirect costs to failed financial institutions.
- Process improvement support for estimating expenses for purposes of the FDIC's Least Cost Test, buy/sell decision support, and preparation of financial statements.
- Process improvement support aimed at institutionalizing effective monitoring and reporting mechanisms for ongoing improvement in cost allocation and analysis.

United State Postal Service, Business Process Improvement and Redesign

- Consult on the PricewaterhouseCoopers side of a joint project with Accenture (formerly Andersen Consulting) to redesign the USPS's accounting system, Permit System, to augment the Business Customer Support System (BCSS) at USPS which supports nearly 60% of USPS revenue.
- Facilitate PwC and Accenture methodologies, analyze electronic business services and develop a joint process and technology gap analysis for USPS.

United States Postal Service, Office of Strategic Planning

- Conduct secondary research in order to create a 'Data Book' addressing 100 specific questions focusing on the years 2002 through 2007 to assess the impact of possible electronic substitution of paper based mail.
- Study possible alternative market segmentation schemes, the effects of macroeconomic trends on mail volume and revenue, and the threat of electronic substitution of paper based mail.
- Assist in developing a presentation for the Board of Governors by the Office of Strategic Planning.

L.S. Starrett Co., Inc., Evans Rule Division, Charleston, South Carolina

Cost Accountant, February 1996 – February 1998

Proprietary and Confidential

Attachment V: Project Team Resumes

- Assist with the implementation of a Vendor Managed Inventory program with Ace Hardware, a system which interfaces Electronic Data Interchange and Demand Solutions forecasting software, to plan and schedule production and product delivery to twelve regional supply centers.
- Enhance sales forecasting through use of data transfer between Demand Solutions forecasting software, Excel, and the AS/400. Create macros to expedite tasks such as forecast accuracy analysis, comparative statistics, and budget analysis.
- Develop reporting procedures to track and evaluate standard and actual hours to more accurately derive overhead rates.
- Implement departmental productivity studies to track efficiency savings in dollar terms and the cumulative effect of process reengineering in an effort to tighten labor standards and ultimately reduce product cost.

United States Marine Corps, Corporal, 1993 - 1999

Graduate of Marine Combat Training and Infantry Training Battalion schools.

Information Systems

Highly proficient in IBM compatible environments. Software knowledge to include, but not limited to, ACL, Hyperion, Essbase, AS/400, SAP, PeopleSoft, Mitchell Humphries (HP), Excel, Access, PowerPoint, Project, Lotus 1-2-3, Demand Solutions Forecasting software, and HyperABC.

Education

Charleston Southern University, Charleston, South Carolina

Master of Business Administration, emphasis in Information Systems, December 2001

University of Wisconsin at Parkside, Kenosha, Wisconsin

Bachelor of Science Degree in Finance, 1995

Professional Affiliations

Institute of Management Accountants
Charleston Metro Chamber of Commerce

Attachment V: Project Team Resumes

Ashley E. Scott
Chief Operating Officer / Director
E-mail: ascott@moodyassociates.net

Employment History

MOODY ASSOCIATES, P.A. (M&A), Mt. Pleasant, South Carolina
Senior, November 2003 – Present

Chief Operating Officer / Director - As a Senior Manager, I work closely with many Fortune 500 companies providing them with recovery audit, contract compliance audits/reviews, health care claims audits, unclaimed property consulting, and other financial consulting services. My recovery audit and contract compliance audit experience has covered industries including: technology, advertising, health care, manufacturing, marketing, retail, professional services, telecommunications, and universities.

Assists in organizing marketing materials, planning meetings, conferences, and company events.

Charleston Riverdogs, Charleston SC

Guest Services- Ongoing customer contact with every fan attending the baseball game. Handled all public concerns and comments. Key role in planning and organizing all contests, events, and daily promotions.

Education

College of Charleston, Charleston SC
Bachelor of Science in Business – May 2001
Major: Business Administration
Concentration: Marketing, Advertising, and Public Relations

Methodist College, Fayetteville NC
August 1996-December 1998
Major: Accounting GPA 3.4

Honors:
Who's Who of College Students
Methodist College Honor Roll
Dixie Intercollegiate Scholar Athlete

Activities:
Methodist College Varsity Basketball Team
Resident Advisor
Worked in Athletic office handling recruiting and organization of special events in the community.
Volunteered at Special Olympics, Boys and Girls Club, and local schools.

Proprietary and Confidential

Attachment V: Project Team Resumes

Noah J. McBreairty, CPA
Audit Manager
E-mail: nmcbreairty@moodyassociates.net

Employment History

MOODY ASSOCIATES, P.A., Mt. Pleasant, South Carolina **Manager**, October 2018 – Present

- Perform and manage accounts payable audits for numerous Fortune 500 companies.
- Work closely with Clients.
- Provide guidance and training for audit staff to ensure they gain the skills needed to successfully perform an audit.
- Utilize analytical tools to evaluate data for processing irregularities.
- Provide recommendations that would enable clients to strengthen internal control and improve system effectiveness.
- Perform vendor audit testing for contract compliance for Fortune 500 companies

Wild Dunes Resort, Charleston SC

Accounts Payable Specialist - Entered resort invoices and reconciled vendor statements. I also prepared vendor, travel agent and real estate 1099's. I was tasked with printing and distributing resort checks to employees/vendors. Prepared monthly balance sheet account reconciliations and conducted monthly audits of employee banks.

Education

College of Charleston, Charleston, SC
Masters of Accountancy – August 2016 – June 2017
Major: Accounting GPA: 3.6

Clemson University, Clemson SC
August 2012 – May 2016
Major: Finance GPA 3.3
Minor: Accounting

CPA Exam: Passed August 2019

- FAR 89
- REG 90
- BEC 94
- AUD 91

Honors:
Clemson University Honor Roll
College of Charleston Honor Roll

Skills:
SAP, Oracle, Birchstreet, PeopleSoft, JDE, Lawson
ACL, Microsoft Excel, Access, PowerPoint & Word

Proprietary and Confidential

City of San Diego
CONTRACTOR STANDARDS
Pledge of Compliance

The City of San Diego has adopted a Contractor Standards Ordinance (CSO) codified in section 22.3004 of the San Diego Municipal Code (SDMC). The City of San Diego uses the criteria set forth in the CSO to determine whether a contractor (bidder or proposer) has the capacity to fully perform the contract requirements and the business integrity to justify the award of public funds. This completed Pledge of Compliance signed under penalty of perjury must be submitted with each bid and proposal. If an informal solicitation process is used, the bidder must submit this completed Pledge of Compliance to the City prior to execution of the contract. All responses must be typewritten or printed in ink. If an explanation is requested or additional space is required, Contractors must provide responses on Attachment A to the Pledge of Compliance and sign each page. Failure to submit a signed and completed Pledge of Compliance may render a bid or proposal non-responsive. In the case of an informal solicitation or cooperative procurement, the contract will not be awarded unless a signed and completed Pledge of Compliance is submitted. A submitted Pledge of Compliance is a public record and information contained within will be available for public review except to the extent that such information is exempt from disclosure pursuant to applicable law.

By signing and submitting this form, the contractor is certifying, to the best of their knowledge, that the contractor and any of its Principals have not within a five (5) year period – preceding this offer, been convicted of or had a civil judgement rendered against them for commission of a fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public (Federal, State or local) contract or subcontract.

“Principal” means an officer, director, owner, partner or a person having primary management or supervisory responsibilities within the firm. The Contractor shall provide immediate written notice to the Procurement Contracting Officer handling the solicitation, at any time prior to award should they learn that this Representations and Certifications was inaccurate or incomplete.

This form contains 10 pages, additional information may be submitted as part of Attachment A.

A. BID/PROPOSAL/SOLICITATION TITLE:

Accounts Payable Recovery Audit Services Solicitation #10089745-21-V

B. BIDDER/PROPOSER INFORMATION:

Moody Associates, P.A.			
Legal Name		DBA	
1470 Ben Sawyer Blvd. Suite 9	Mt. Pleasant	SC	29464
Street Address	City	State	Zip
Garrett Dieck, Partner	(843) 416-1039	(843) 416-1086	
Contact Person, Title	Phone	Fax	

Provide the name, identity, and precise nature of the interest* of all persons who are directly or indirectly involved** in this proposed transaction (SDMC § 21.0103). Use additional pages if necessary.

* The precise nature of the interest includes:

- the percentage ownership interest in a party to the transaction,
- the percentage ownership interest in any firm, corporation, or partnership that will receive funds from the transaction,
- the value of any financial interest in the transaction,
- any contingent interest in the transaction and the value of such interest should the contingency be satisfied, and
- any philanthropic, scientific, artistic, or property interest in the transaction.

** Directly or indirectly involved means pursuing the transaction by:

- communicating or negotiating with City officers or employees,
- submitting or preparing applications, bids, proposals or other documents for purposes of contracting with the City, or
- directing or supervising the actions of persons engaged in the above activity.

C.J. Makuta	Director Business Development
Name	Title/Position
Charleston, SC	
City and State of Residence	Employer (if different than Bidder/Proposer)
Submitting Bids, Proposals and other documents for purposes of contracting with the City	
Interest in the transaction	

Garrett Dieck	Partner, Audit Director
Name	Title/Position
Mt. Pleasant, SC	
City and State of Residence	Employer (if different than Bidder/Proposer)
Directing or supervising the actions of persons engaged in the above activity	
Interest in the transaction	

Donald S. Moody	Partner, Managing Director
Name	Title/Position
Mt. Pleasant, SC	
City and State of Residence	Employer (if different than Bidder/Proposer)
Directing or supervising the actions of persons engaged in the above activity	
Interest in the transaction	

Name	Title/Position
City and State of Residence	Employer (if different than Bidder/Proposer)
Interest in the transaction	

Name	Title/Position
City and State of Residence	Employer (if different than Bidder/Proposer)
Interest in the transaction	

Name	Title/Position
City and State of Residence	Employer (if different than Bidder/Proposer)
Interest in the transaction	

Name	Title/Position
City and State of Residence	Employer (if different than Bidder/Proposer)
Interest in the transaction	

Name	Title/Position
City and State of Residence	Employer (if different than Bidder/Proposer)
Interest in the transaction	

Name	Title/Position
City and State of Residence	Employer (if different than Bidder/Proposer)
Interest in the transaction	

C. OWNERSHIP AND NAME CHANGES:

1. In the past five ten (5) years, has your firm changed its name?
 Yes No

If **Yes**, use Attachment A to list all prior legal and DBA names, addresses, and dates each firm name was used. Explain the specific reasons for each name change.

2. Is your firm a non-profit?
 Yes No

If **Yes**, attach proof of status to this submission.

3. In the past five (5) years, has a firm owner, partner, or officer operated a similar business?
 Yes No

If **Yes**, use Attachment A to list names and addresses of all businesses and the person who operated the business. Include information about a similar business only if an owner, partner, or officer of your firm holds or has held a similar position in another firm.

D. BUSINESS ORGANIZATION/STRUCTURE:

Indicate the organizational structure of your firm. Fill in only one section on this page. Use Attachment A if more space is required.

Corporation Date incorporated: 10/20/2002 State of incorporation: South Carolina

List corporation's current officers: President: Donald S. Moody
Vice Pres: Garrett J. Dieck
Secretary: _____
Treasurer: _____

Type of corporation: C Subchapter S

Is the corporation authorized to do business in California: **Yes** **No**

If **Yes**, after what date: _____

Is your firm a publicly traded corporation? Yes No

If Yes, how and where is the stock traded? _____

If Yes, list the name, title and address of those who own ten percent (10 %) or more of the corporation's stocks:

Do the President, Vice President, Secretary and/or Treasurer of your corporation have a third party interest or other financial interests in a business/enterprise that performs similar work, services or provides similar goods? Yes No

If Yes, please use Attachment A to disclose.

Please list the following:	Authorized	Issued	Outstanding
a. Number of voting shares:	_____	_____	_____
b. Number of nonvoting shares:	_____	_____	_____
c. Number of shareholders:			_____
d. Value per share of common stock:		Par	\$ _____
		Book	\$ _____
		Market	\$ _____

Limited Liability Company Date formed: _____ State of formation: _____

List the name, title and address of members who own ten percent (10%) or more of the company:

Partnership Date formed: _____ State of formation: _____

List names of all firm partners:

Sole Proprietorship Date started: _____

List all firms you have been an owner, partner or officer with during the past five (5) years. Do not include ownership of stock in a publicly traded company:

Joint Venture Date formed: _____

List each firm in the joint venture and its percentage of ownership:

Note: To be responsive, each member of a Joint Venture or Partnership must complete a separate *Contractor Standards form*.

E. FINANCIAL RESOURCES AND RESPONSIBILITY:

1. Is your firm preparing to be sold, in the process of being sold, or in negotiations to be sold?

Yes No

If **Yes**, use Attachment A to explain the circumstances, including the buyer's name and principal contact information.

2. In the past five (5) years, has your firm been denied bonding?

Yes No

If **Yes**, use Attachment A to explain specific circumstances; include bonding company name.

3. In the past five (5) years, has a bonding company made any payments to satisfy claims made against a bond issued on your firm's behalf or a firm where you were the principal?

Yes No

If **Yes**, use Attachment A to explain specific circumstances.

4. In the past five (5) years, has any insurance carrier, for any form of insurance, refused to renew the insurance policy for your firm?

Yes No

If **Yes**, use Attachment A to explain specific circumstances.

5. Within the last five years, has your firm filed a voluntary petition in bankruptcy, been adjudicated bankrupt, or made a general assignment for the benefit of creditors?

Yes No

If **Yes**, use Attachment A to explain specific circumstances.

6. Are there any claims, liens or judgements that are outstanding against your firm?

Yes No

If **Yes**, please use Attachment A to provide detailed information on the action.

7. Please provide the name of your principal financial institution for financial reference. By submitting a response to this Solicitation Contractor authorizes a release of credit information for verification of financial responsibility.

Name of Bank: The Bank of South Carolina

Point of Contact: Ally Jenkins Ciappa, Branch Manager

Address: 1337 Chuck Dawley Blvd. Mt. Pleasant, SC 29484

Phone Number: (843) 958-1023

8. By submitting a response to a City solicitation, Contractor certifies that he or she has sufficient operating capital and/or financial reserves to properly fund the requirements identified in the solicitation. At City's request, Contractor will promptly provide to City

a copy of Contractor's most recent balance sheet and/or other necessary financial statements to substantiate financial ability to perform.

9. In order to do business in the City of San Diego, a current Business Tax Certificate is required. Business Tax Certificates are issued by the City Treasurer's Office. If you do not have one at the time of submission, one must be obtained prior to award.

Business Tax Certificate No.: B2012013402 Year Issued: 2020

F. PERFORMANCE HISTORY:

1. In the past five (5) years, has your firm been found civilly liable, either in a court of law or pursuant to the terms of a settlement agreement, for defaulting or breaching a contract with a government agency?

Yes No

If **Yes**, use Attachment A to explain specific circumstances.

2. In the past five (5) years, has a public entity terminated your firm's contract for cause prior to contract completion?

Yes No

If **Yes**, use Attachment A to explain specific circumstances and provide principal contact information.

3. In the past five (5) years, has your firm entered into any settlement agreement for any lawsuit that alleged contract default, breach of contract, or fraud with or against a public entity?

Yes No

If **Yes**, use Attachment A to explain specific circumstances.

4. Is your firm currently involved in any lawsuit with a government agency in which it is alleged that your firm has defaulted on a contract, breached a contract, or committed fraud?

Yes No

If **Yes**, use Attachment A to explain specific circumstances.

5. In the past five (5) years, has your firm, or any firm with which any of your firm's owners, partners, or officers is or was associated, been debarred, disqualified, removed, or otherwise prevented from bidding on or completing any government or public agency contract for any reason?

Yes No

If **Yes**, use Attachment A to explain specific circumstances.

6. In the past five (5) years, has your firm received a notice to cure or a notice of default on a contract with any public agency?

Yes No

If **Yes**, use Attachment A to explain specific circumstances and how the matter resolved.

7. Performance References:

Please provide a minimum of three (3) references familiar with work performed by your firm which was of a similar size and nature to the subject solicitation within the last five (5) years.

Please note that any references required as part of your bid/proposal submittal are in addition to those references required as part of this form.

Company Name: Nestle Waters

Contact Name and Phone Number: R. Justin Leitner, (314) 308-3216

Contact Email: Justin.Leitner@waters.nestle.com

Address: 900 Long Ridge Rd. Bld. 2 Stamford, CT 06902

Contract Date: June 15, 2010

Contract Amount: Due to non-disclosure agreements, we cannot provide this information.

Requirements of Contract: Accounts Payable Recovery Audit, Contract Compliance Audit, Vendor Master Analysis, Spend Analysis

Company Name: Beaumont Health

Contact Name and Phone Number: Dawn Kress, (313) 737-3692

Contact Email: dawn.kress@beaumont.org

Address: 3601 W 13 Mile Rd. Royal Oak, MI 48073

Contract Date: March 5, 2018

Contract Amount: Due to non-disclosure agreements, we cannot provide this information.

Requirements of Contract: Accounts Payable Recovery Audit

Company Name: Newell Brands

Contact Name and Phone Number: Nadeem Kureshi, (770) 418-7729

Contact Email: Nadeem.kureshi@newellco.com

Address: 6655 Peachtree Dunwoody Rd. Atlanta, GA 30328

Contract Date: January 15, 2005

Contract Amount: Due to non-disclosure agreements, we cannot provide this information.

Requirements of Contract: Accounts Payable Recovery Audit, Vendor Master Analysis

G. COMPLIANCE:

1. In the past five (5) years, has your firm or any firm owner, partner, officer, executive, or manager been criminally penalized or found civilly liable, either in a court of law or pursuant to the terms of a settlement agreement, for violating any federal, state, or local law in performance of a contract, including but not limited to, laws regarding health and safety, labor and employment, permitting, and licensing laws?
 Yes No

If **Yes**, use Attachment A to explain specific circumstances surrounding each instance. Include the name of the entity involved, the specific infraction(s) or violation(s), dates of instances, and outcome with current status.

2. In the past five (5) years, has your firm been determined to be non-responsible by a public entity?
 Yes No

If **Yes**, use Attachment A to explain specific circumstances of each instance. Include the name of the entity involved, the specific infraction, dates, and outcome.

H. BUSINESS INTEGRITY:

1. In the past five (5) years, has your firm been convicted of or found liable in a civil suit for making a false claim or material misrepresentation to a private or public entity?

Yes **No**

If **Yes**, use Attachment A to explain specific circumstances of each instance. Include the entity involved, specific violation(s), dates, outcome and current status.

2. In the past five (5) years, has your firm or any of its executives, management personnel, or owners been convicted of a crime, including misdemeanors, or been found liable in a civil suit involving the bidding, awarding, or performance of a government contract?

Yes **No**

If **Yes**, use Attachment A to explain specific circumstances of each instance; include the entity involved, specific infraction(s), dates, outcome and current status.

3. In the past five (5) years, has your firm or any of its executives, management personnel, or owners been convicted of a federal, state, or local crime of fraud, theft, or any other act of dishonesty?

Yes **No**

If **Yes**, use Attachment A to explain specific circumstances of each instance; include the entity involved, specific infraction(s), dates, outcome and current status.

4. Do any of the Principals of your firm have relatives that are either currently employed by the City or were employed by the City in the past five (5) years?

Yes **No**

If **Yes**, please disclose the names of those relatives in Attachment A.

I. BUSINESS REPRESENTATION:

1. Are you a local business with a physical address within the County of San Diego?

Yes **No**

2. Are you a certified Small and Local Business Enterprise certified by the City of San Diego?

Yes **No**

Certification # _____

3. Are you certified as any of the following:

a. Disabled Veteran Business Enterprise Certification # _____

b. Woman or Minority Owned Business Enterprise Certification # _____

c. Disadvantaged Business Enterprise Certification # _____

J. WAGE COMPLIANCE:

In the past five (5) years, has your firm been required to pay back wages or penalties for failure to comply with the federal, state or local **prevailing, minimum, or living wage laws**? **Yes** **No** If **Yes**, use Attachment A to explain the specific circumstances of each instance. Include the entity involved, the specific infraction(s), dates, outcome, and current status.

By signing this Pledge of Compliance, your firm is certifying to the City that you will comply with the requirements of the Equal Pay Ordinance set forth in SDMC sections 22.4801 through 22.4809.

K. STATEMENT OF SUBCONTRACTORS & SUPPLIERS:

Please provide the names and information for all subcontractors and suppliers used in the performance of the proposed contract, and what portion of work will be assigned to each subcontractor. Subcontractors may not be substituted without the written consent of the City. Use Attachment A if additional pages are necessary. If no subcontractors or suppliers will be used, please write "Not Applicable."

Company Name: Equity Recovery Solutions

Address: 1215 N. Red Gum St. Anaheim, CA 92806

Contact Name: Jacob Bholat Phone: (949) 295-1899 Email: jbholat@equityrs.com

Contractor License No.: 27-4305768 DIR Registration No.: _____

Sub-Contract Dollar Amount: \$(A) (per year) \$ _____ (total contract term)

Scope of work subcontractor will perform: To the extent The City of San Diego decides to move forward with a sales and Use Tax Audit, we will utilize ERS.

Identify whether company is a subcontractor or supplier: subcontractor

Certification type (check all that apply): DBE DVBE ELBE MBE SLBE WBE Not Certified

Contractor must provide valid proof of certification with the response to the bid or proposal to receive participation credit. (A) Amount will be based on recoupment.

Company Name: _____

Address: _____

Contact Name: _____ Phone: _____ Email: _____

Contractor License No.: _____ DIR Registration No.: _____

Sub-Contract Dollar Amount: \$ _____ (per year) \$ _____ (total contract term)

Scope of work subcontractor will perform: _____

Identify whether company is a subcontractor or supplier: _____

Certification type (check all that apply): DBE DVBE ELBE MBE SLBE WBE Not Certified

Contractor must provide valid proof of certification with the response to the bid or proposal to receive participation credit.

L. STATEMENT OF AVAILABLE EQUIPMENT:

A full inventoried list of all necessary equipment to complete the work specified may be a requirement of the bid/proposal submission.

By signing and submitting this form, the Contractor certifies that all required equipment included in this bid or proposal will be made available one week (7 days) before work shall commence. In instances where the required equipment is not owned by the Contractor, Contractor shall explain how the equipment will be made available before the commencement of work. The City of San

Diego reserves the right to reject any response, in its opinion, if the Contractor has not demonstrated he or she will be properly equipped to perform the work in an efficient, effective matter for the duration of the contract period.

M. TYPE OF SUBMISSION: This document is submitted as:

- Initial submission of *Contractor Standards Pledge of Compliance*
- Initial submission of *Contractor Standards Pledge of Compliance* as part of a Cooperative agreement
- Initial submission of *Contractor Standards Pledge of Compliance* as part of a Sole Source agreement
- Update of prior *Contractor Standards Pledge of Compliance* dated _____.

Complete all questions and sign below.

Under penalty of perjury under the laws of the State of California, I certify that I have read and understand the questions contained in this Pledge of Compliance, that I am responsible for completeness and accuracy of the responses contained herein, and that all information provided is true, full and complete to the best of my knowledge and belief. I agree to provide written notice to the Purchasing Agent within five (5) business days if, at any time, I learn that any portion of this Pledge of Compliance is inaccurate. Failure to timely provide the Purchasing Agent with written notice is grounds for Contract termination.

I, on behalf of the firm, further certify that I and my firm will comply with the following provisions of SDMC section 22.3004:

(a) I and my firm will comply with all applicable local, State and Federal laws, including health and safety, labor and employment, and licensing laws that affect the employees, worksite or performance of the contract.

(b) I and my firm will notify the Purchasing Agent in writing within fifteen (15) calendar days of receiving notice that a government agency has begun an investigation of me or my firm that may result in a finding that I or my firm is or was not in compliance with laws stated in paragraph (a).

(c) I and my firm will notify the Purchasing Agent in writing within fifteen (15) calendar days of a finding by a government agency or court of competent jurisdiction of a violation by the Contractor of laws stated in paragraph (a).

(d) I and my firm will notify the Purchasing Agent in writing within fifteen (15) calendar days of becoming aware of an investigation or finding by a government agency or court of competent jurisdiction of a violation by a subcontractor of laws stated in paragraph (a).

(e) I and my firm will cooperate fully with the City during any investigation and to respond to a request for information within ten (10) working days.

Failure to sign and submit this form with the bid/proposal shall make the bid/proposal non-responsive. In the case of an informal solicitation, the contract will not be awarded unless a signed and completed *Pledge of Compliance* is submitted.

Donald S. Moody, Managing Partner



03/26/2021

Name and Title

Signature

Date

**City of San Diego
CONTRACTOR STANDARDS
Attachment "A"**

Provide additional information in space below. Use additional Attachment "A" pages as needed. Each page must be signed. Print in ink or type responses and indicate question being answered.

N/A

I have read the matters and statements made in this Contractor Standards Pledge of Compliance and attachments thereto and I know the same to be true of my own knowledge, except as to those matters stated upon information or belief and as to such matters, I believe the same to be true. I certify under penalty of perjury that the foregoing is true and correct.

Donald S. Moody, Managing Partner

Print Name, Title



Signature

3/26/21

Date

EQUAL OPPORTUNITY CONTRACTING PROGRAM (EOCP)
GOODS AND SERVICES CONTRACTOR REQUIREMENTS

I. City's Equal Opportunity Contracting Commitment.

The City of San Diego (City) promotes equal employment and subcontracting opportunities. The City is committed to ensuring that taxpayer dollars spent on public contracts are not paid to businesses that practice discrimination in employment or subcontracting. The City encourages all companies seeking to do business with the City to share this commitment. Contractors are encouraged to take positive steps to diversify and expand their subcontractor and supplier solicitation base and to offer opportunities to all eligible business firms.

Contractors must submit the required EOCP documentation indicated below with their proposals. Contractors who fail to provide the required EOCP documentation are considered non-responsive.

II. Definitions.

Commercially Useful Function: a Small Local Business Enterprise or Emerging Local Business Enterprise (SLBE/ELBE) performs a commercially useful function when it is responsible for execution of the work and is carrying out its responsibilities by actually performing, managing, and supervising the work involved. To perform a commercially useful function, the SLBE/ELBE shall also be responsible, with respect to materials and supplies used on the contract, for negotiating price, determining quantity and quality, ordering the material, and installing (where applicable) and paying for the material itself.

To determine whether an SLBE/ELBE is performing a commercially useful function, an evaluation will be performed of the amount of work subcontracted, normal industry practices, whether the amount the SLBE/ELBE firm is to be paid under the contract is commensurate with the work it is actually performing and the SLBE/ELBE credit claimed for its performance of the work, and other relevant factors. Specifically, an SLBE/ELBE does not perform a commercially useful function if its role is limited to that of an extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of meaningful and useful SLBE/ELBE participation, when in similar transactions in which SLBE/ELBE firms do not participate, there is no such role performed.

Disadvantaged Business Enterprise (DBE): a certified business that is (1) at least fifty-one (51%) owned by socially and economically Disadvantaged Individuals, or, in the case of a publicly owned business at least fifty-one percent (51%) of the stock is owned by one or more socially and economically Disadvantaged Individuals; and (2) whose daily business operations are managed and directed by one or more socially and economically disadvantaged owners. Disadvantaged Individuals include Black Americans, Hispanic Americans, Asian Americans, and other minorities, or individual found to be disadvantaged by the Small Business Administration pursuant to Section 8 of the Small Business Reauthorization Act.

Disabled Veteran Business Enterprise (DVBE): a certified business that is (1) at least fifty-one percent (51%) owned by one or more Disabled Veterans; and (2) business operations must be managed and controlled by one or more Disabled Veterans. A Disabled Veteran is a veteran of the U.S. military, naval, or air service who resides in California and has a service-connected disability of at least 10% or more. The firm shall be certified by the State of California's Department of General Services, Office of Small and Minority Business.

Emerging Business Enterprise (EBE): a business whose gross annual receipts do not exceed the amount set by the City Manager, and which meets all other criteria set forth in the regulations implementing the City's Small and Local Business Preference Program. The City Manager shall review the threshold amount for EBEs on an annual basis, and adjust as necessary to reflect changes in the marketplace.

Emerging Local Business Enterprise (ELBE): a Local Business Enterprise that is also an Emerging Business Enterprise.

Local Business Enterprise (LBE): a business that has both a principal place of business and a significant employment presence in the County of San Diego, and that has been in operation for twelve (12) consecutive months.

Minority Business Enterprise (MBE): a certified business that is (1) at least fifty-one percent (51%) owned by one or more minority individuals, or, in the case of a publicly owned business at least fifty-one percent (51%) of the stock is owned by one or more minority individuals; and (2) whose daily business operations are managed and directed by one or more minority owners. Minorities include the groups with the following ethnic origins: African, Asian Pacific, Asian Subcontinent, Hispanic, Native Alaskan, Native American, and Native Hawaiian.

Other Business Enterprise (OBE): any business which does not otherwise qualify as Minority, Woman, Disadvantaged, or Disabled Veteran Business Enterprise.

Principal Place of Business: a location wherein a business maintains a physical office and through which it obtains no less than fifty percent (50%) of gross annual receipts.

Significant Employee Presence: no less than twenty-five percent (25%) of a business's total number of employees.

Small Business Enterprise (SBE): a business whose gross annual receipts do not exceed the amount set by the City Manager, and that meets all other criteria set forth in regulations implementing the City's Small and Local Business Preference Program. The City Manager shall review the threshold amount for SBEs on an annual basis, and adjust as necessary to reflect changes in the marketplace. A business certified as a DVBE by the State of California, and that has provided proof of such certification to the City manager, shall be deemed to be an SBE.

Small Local Business Enterprise (SLBE): a Local Business Enterprise that is also a Small Business Enterprise.

Women Business Enterprise (WBE): a certified business that is (1) at least fifty-one percent (51 %) owned by a woman or women, or, in the case of a publicly owned business at least fifty-one percent (51%) of the stock is owned by one or more women; and (2) whose daily business operations are managed and directed by one or more women owners.

III. Disclosure of Discrimination Complaints.

As part of its proposal, Contractor shall provide to the City a list of all instances within the past ten (10) years where a complaint was filed or pending against Contractor in a legal or administrative proceeding alleging that Contractor discriminated against its employees, subcontractors, vendors, or suppliers, and a description of the status or resolution of that complaint, including any remedial action taken. (Attachment AA).

IV. Work Force Report and Equal Opportunity Outreach Plan.

- A. Work Force Report. Contractors shall submit with their proposal a Work Force Report (WFR) for approval by the City. (Attachment BB). If the City determines that there are under representations when compared to County Labor Force Availability data, then the Contractor will also be required to submit an Equal Employment Opportunity Plan (EEOP) to the City for approval. Questions regarding the WFR should be directed to the Equal Opportunity Contracting Department.
- B. Duty to Comply with Equal Opportunity Outreach Plan. A Contractor for whom an EEOP has been approved by the City shall use best efforts to comply with that EEOP.

V. Small and Local Business Program Requirements.

The City has adopted a Small and Local Business Enterprise program for goods, services, and consultant contracts. The SLBE requirements are set forth in Council Policy 100-10. For contracts in which the Purchasing Agent is required to advertise for sealed proposals in the City's official newspaper or consultant contracts valued over \$50,000, the City shall:

- A. Apply a maximum of an additional 12% of the total possible evaluation points to the Contractor's final score for SLBE or ELBE participation. Additional points will be awarded as follows:
 - a. If the Contractor achieves 20% participation, apply 5% of the total possible evaluation points to the Contractor's score; or
 - b. If the Contractor achieves 25% participation, apply 10% of the total possible evaluation points to the Contractor's score; or
 - c. If the prime contractor is a SLBE or an ELBE, apply 12% of the total possible evaluation points to the Contractor's score.

VI. Maintaining Participation Levels.

- A. Additional points are based on the Contractor's level of participation proposed prior to the award of the goods, services, or consultant contract. Contractors are required to achieve and maintain the SLBE or ELBE participation levels throughout the duration of the goods, services, or consultant contract.
- B. If the City modifies the original specifications, the Contractor shall make reasonable efforts to maintain the SLBE or ELBE participation for which the additional points were awarded. The City must approve in writing a reduction in SLBE or ELBE participation levels.
- C. Contractor shall notify and obtain written approval from the City in advance of any reduction in subcontract scope, termination, or substitution for a designated SLBE or ELBE subcontractor.
- D. Contractor's failure to maintain SLBE or ELBE participation levels as specified in the goods, services, or consultant contract shall constitute a default and grounds for debarment under Chapter 2, Article 2, Division 8, of the San Diego Municipal Code.
- E. The remedies available to the City under Council Policy 100-10 are cumulative to all other rights and remedies available to the City.

VII. Certifications.

The City accepts certifications of MBE, WBE, DBE, or DVBE from the following certifying agencies:

- A. Current certification by the State of California Department of Transportation (CALTRANS) as DBE.
- B. Current MBE or WBE certification from the California Public Utilities Commission.
- C. DVBE certification is received from the State of California's Department of General Services, Office of Small and Minority Business.
- D. Current certification by the City of Los Angeles as DBE, WBE, or MBE.

Subcontractors' valid proof of certification status e.g., copy of MBE, WBE, DBE, or DVBE certification must be submitted with the proposal or contract documents. MBE, WBE, DBE, or DVBE certifications are listed for informational purposes only.

VIII. List of Attachments.

- AA. Contractors Certification of Pending Actions
- BB. Work Force Report

AA. CONTRACTORS CERTIFICATION OF PENDING ACTIONS

As part of this Contract, the Contractor must provide to the City a list of all instances within the past 10 years where a complaint was filed or pending against the Contractor in a legal or administrative proceeding alleging that Contractor discriminated against its employees, subcontractors, vendors or suppliers, and a description of the status or resolution of that complaint, including any remedial action taken.

CHECK ONE BOX ONLY.

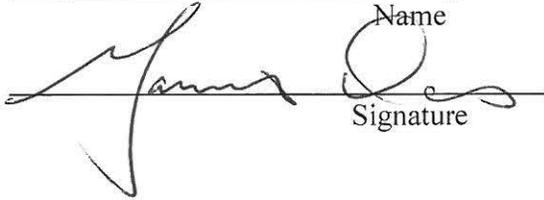
- The undersigned certifies that within the past 10 years the Contractor has NOT been the subject of a complaint or pending action in a legal administrative proceeding alleging that Contractor discriminated against its employees, subcontractors, vendors or suppliers.

- The undersigned certifies that within the past 10 years the Contractor has been the subject of a complaint or pending action in a legal administrative proceeding alleging that Contractor discriminated against its employees, subcontractors, vendors or suppliers. A description of the status or resolution of that complaint, including any remedial action taken and the applicable dates is as follows:

DATE OF CLAIM	LOCATION	DESCRIPTION OF CLAIM	LITIGATION (Y/N)	STATUS	RESOLUTION/ REMEDIAL ACTION TAKEN

Contractor Name: Moody Associates, P.A.

Certified By GARRETT DIECK Title DIRECTOR


 Name
 Signature

Date 6/3/21

EQUAL OPPORTUNITY CONTRACTING (EOC)

1200 Third Avenue, Suite 200 • San Diego, CA 92101

Phone: (619) 236-6000 • Fax: (619) 236-5904

BB. WORK FORCE REPORT

The objective of the *Equal Employment Opportunity Outreach Program*, San Diego Municipal Code Sections 22.3501 through 22.3517, is to ensure that contractors doing business with the City, or receiving funds from the City, do not engage in unlawful discriminatory employment practices prohibited by State and Federal law. Such employment practices include, but are not limited to unlawful discrimination in the following: employment, promotion or upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation, and selection for training, including apprenticeship. Contractors are required to provide a completed *Work Force Report (WFR)*.

**NO OTHER FORMS WILL BE ACCEPTED
CONTRACTOR IDENTIFICATION**

Type of Contractor: Construction Vendor/Supplier Financial Institution Lessee/Lessor
 Consultant Grant Recipient Insurance Company Other

Name of Company: Moody Associates, P.A.

ADA/DBA: _____

Address (Corporate Headquarters, where applicable): 1470 Ben Sawyer Blvd. Suite 9

City: Mt. Pleasant County: Charleston State: SC Zip: 29464

Telephone Number: (843) 486-1085 Fax Number: (843) 486-1086

Name of Company CEO: Donald S. Moody

Address(es), phone and fax number(s) of company facilities located in San Diego County (if different from above):

Address: _____

City: _____ County: _____ State: _____ Zip: _____

Telephone Number: _____ Fax Number: _____ Email: _____

Type of Business: _____ Type of License: _____

The Company has appointed: _____

As its Equal Employment Opportunity Officer (EEOO). The EEOO has been given authority to establish, disseminate and enforce equal employment and affirmative action policies of this company. The EEOO may be contacted at:

Address: _____

Telephone Number: _____ Fax Number: _____ Email: _____

- One San Diego County (or Most Local County) Work Force - Mandatory
- Branch Work Force *
- Managing Office Work Force

Check the box above that applies to this WFR.

*Submit a separate Work Force Report for all participating branches. Combine WFRs if more than one branch per county.

I, the undersigned representative of Moody Associates, P.A.

Charleston (County) SC (State) hereby certify that information provided

herein is true and correct. This document was executed on this 3 day of June, 2021

[Signature]
(Authorized Signature)

GARRETT DIEHL
(Print Authorized Signature Name)

WORK FORCE REPORT – Page 2

NAME OF FIRM: Moody Associates, P.A.

DATE: 6/3/2021

OFFICE(S) or BRANCH(ES): _____ COUNTY: _____

INSTRUCTIONS: For each occupational category, indicate number of males and females in every ethnic group. Total columns in row provided. Sum of all totals should be equal to your total work force. Include all those employed by your company on either a full or part-time basis. The following groups are to be included in ethnic categories listed in columns below:

- (1) Black or African-American
- (2) Hispanic or Latino
- (3) Asian
- (4) American Indian or Alaska Native
- (5) Native Hawaiian or Pacific Islander
- (6) White
- (7) Other race/ethnicity; not falling into other groups

Definitions of the race and ethnicity categories can be found on Page 4

ADMINISTRATION OCCUPATIONAL CATEGORY	(1) Black or African American		(2) Hispanic or Latino		(3) Asian		(4) American Indian/ Nat. Alaskan		(5) Pacific Islander		(6) White		(7) Other Race/ Ethnicity	
	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)
Management & Financial											3	1		
Professional											1	5		
A&E, Science, Computer														
Technical													2	1
Sales											1			
Administrative Support												3		
Services														
Crafts														
Operative Workers														
Transportation														
Laborers*														

*Construction laborers and other field employees are not to be included on this page

Totals Each Column											5	9	2	1
--------------------	--	--	--	--	--	--	--	--	--	--	---	---	---	---

Grand Total All Employees 17

Indicate by Gender and Ethnicity the Number of Above Employees Who Are Disabled:

Disabled														
----------	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Non-Profit Organizations Only:

Board of Directors														
Volunteers														
Artists														

WORK FORCE REPORT – Page 3

NAME OF FIRM: _____ DATE: _____

OFFICE(S) or BRANCH(ES): _____ COUNTY: _____

INSTRUCTIONS: For each occupational category, indicate number of males and females in every ethnic group. Total columns in row provided. Sum of all totals should be equal to your total work force. Include all those employed by your company on either a full or part-time basis. The following groups are to be included in ethnic categories listed in columns below:

- (1) Black or African-American
- (2) Hispanic or Latino
- (3) Asian
- (4) American Indian or Alaska Native
- (5) Native Hawaiian or Pacific Islander
- (6) White
- (7) Other race/ethnicity; not falling into other groups

Definitions of the race and ethnicity categories can be found on Page 4

TRADE OCCUPATIONAL CATEGORY	(1) Black or African American		(2) Hispanic or Latino		(3) Asian		(4) American Indian/ Nat. Alaskan		(5) Pacific Islander		(6) White		(7) Other Race/ Ethnicity	
	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)
	Brick, Block or Stone Masons													
Carpenters														
Carpet, Floor & Tile Installers Finishers														
Cement Masons, Concrete Finishers														
Construction Laborers														
Drywall Installers, Ceiling Tile Inst														
Electricians														
Elevator Installers														
First-Line Supervisors/Managers														
Glaziers														
Helpers; Construction Trade														
Millwrights														
Misc. Const. Equipment Operators														
Painters, Const. & Maintenance														
Pipelayers, Plumbers, Pipe & Steam Fitters														
Plasterers & Stucco Masons														
Roofers														
Security Guards & Surveillance Officers														
Sheet Metal Workers														
Structural Metal Fabricators & Fitters														
Welding, Soldering & Brazing Workers														
Workers, Extractive Crafts, Miners														

Totals Each Column															
--------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Grand Total All Employees

Indicate By Gender and Ethnicity the Number of Above Employees Who Are Disabled:

Disabled															
----------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Work Force Report

HISTORY

The Work Force Report (WFR) is the document that allows the City of San Diego to analyze the work forces of all firms wishing to do business with the City. We are able to compare the firm's work force data to County Labor Force Availability (CLFA) data derived from the United States Census. CLFA data is a compilation of lists of occupations and includes the percentage of each ethnicity we track (American Indian or Alaska Native, Asian, Black or African-American, Native Hawaiian or Pacific Islander, White, and Other) for each occupation. Currently, our CLFA data is taken from the 2010 Census. In order to compare one firm to another, it is important that the data we receive from the consultant firm is accurate and organized in the manner that allows for this fair comparison.

WORK FORCE & BRANCH WORK FORCE REPORTS

When submitting a WFR, especially if the WFR is for a specific project or activity, we would like to have information about the firm's work force that is actually participating in the project or activity. That is, if the project is in San Diego and the work force is from San Diego, we want a San Diego County Work Force Report¹. By the same token, if the project is in San Diego, but the work force is from another county, such as Orange or Riverside County, we want a Work Force Report from that county². If participation in a San Diego project is by work forces from San Diego County and, for example, from Los Angeles County and from Sacramento County, we ask for separate Work Force Reports representing your firm from each of the three counties.

MANAGING OFFICE WORK FORCE

Equal Opportunity Contracting may occasionally ask for a Managing Office Work Force (MOWF) Report. This may occur in an instance where the firm involved is a large national or international firm but the San Diego or other local work force is very small. In this case, we may ask for both a local and a MOWF Report^{1, 3}. In another case, when work is done only by the Managing Office, only the MOWF Report may be necessary.³

TYPES OF WORK FORCE REPORTS:

Please note, throughout the preceding text of this page, the superscript numbers one ¹, two ² & three ³. These numbers coincide with the types of work force report required in the example. See below:

- ¹ One San Diego County (or Most Local County) Work Force – Mandatory in most cases
- ² Branch Work Force *
- ³ Managing Office Work Force

**Submit a separate Work Force Report for all participating branches. Combine WFRs if more than one branch per county.*

RACE/ETHNICITY CATEGORIES

American Indian or Alaska Native – A person having origins in any of the peoples of North and South America (including Central America) and who maintains tribal affiliation or community attachment.

Asian – A person having origins in any of the peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.

Black or African American – A person having origins in any of the Black racial groups of Africa.

Native Hawaiian or Pacific Islander – A person having origins in any of the peoples of Hawaii, Guam, Samoa, or other Pacific Islands.

White – A person having origins in any of the peoples of Europe, the Middle East, or North Africa.

Hispanic or Latino – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin.

Exhibit A: Work Force Report Job Categories – Administration

Refer to this table when completing your firm's Work Force Report form(s).

Management & Financial

Advertising, Marketing, Promotions, Public Relations, and Sales Managers
Business Operations Specialists
Financial Specialists
Operations Specialties Managers
Other Management Occupations
Top Executives

Professional

Art and Design Workers
Counselors, Social Workers, and Other Community and Social Service Specialists
Entertainers and Performers, Sports and Related Workers
Health Diagnosing and Treating Practitioners
Lawyers, Judges, and Related Workers
Librarians, Curators, and Archivists
Life Scientists
Media and Communication Workers
Other Teachers and Instructors
Postsecondary Teachers
Primary, Secondary, and Special Education School Teachers
Religious Workers
Social Scientists and Related Workers

Architecture & Engineering, Science, Computer

Architects, Surveyors, and Cartographers
Computer Specialists
Engineers
Mathematical Science Occupations
Physical Scientists

Technical

Drafters, Engineering, and Mapping Technicians
Health Technologists and Technicians
Life, Physical, and Social Science Technicians
Media and Communication Equipment Workers

Sales

Other Sales and Related Workers
Retail Sales Workers
Sales Representatives, Services
Sales Representatives, Wholesale and Manufacturing
Supervisors, Sales Workers

Administrative Support

Financial Clerks
Information and Record Clerks
Legal Support Workers

Material Recording, Scheduling, Dispatching, and Distributing Workers
Other Education, Training, and Library Occupations
Other Office and Administrative Support Workers
Secretaries and Administrative Assistants
Supervisors, Office and Administrative Support Workers

Services

Building Cleaning and Pest Control Workers
Cooks and Food Preparation Workers
Entertainment Attendants and Related Workers
Fire Fighting and Prevention Workers
First-Line Supervisors/Managers, Protective Service Workers
Food and Beverage Serving Workers
Funeral Service Workers
Law Enforcement Workers
Nursing, Psychiatric, and Home Health Aides
Occupational and Physical Therapist Assistants and Aides
Other Food Preparation and Serving Related Workers
Other Healthcare Support Occupations
Other Personal Care and Service Workers
Other Protective Service Workers
Personal Appearance Workers
Supervisors, Food Preparation and Serving Workers
Supervisors, Personal Care and Service Workers
Transportation, Tourism, and Lodging Attendants

Crafts

Construction Trades Workers
Electrical and Electronic Equipment Mechanics, Installers, and Repairers
Extraction Workers
Material Moving Workers
Other Construction and Related Workers
Other Installation, Maintenance, and Repair Occupations
Plant and System Operators
Supervisors of Installation, Maintenance, and Repair Workers
Supervisors, Construction and Extraction Workers
Vehicle and Mobile Equipment Mechanics,

Installers, and Repairers
Woodworkers

Operative Workers

Assemblers and Fabricators
Communications Equipment Operators
Food Processing Workers
Metal Workers and Plastic Workers
Motor Vehicle Operators
Other Production Occupations
Printing Workers
Supervisors, Production Workers
Textile, Apparel, and Furnishings Workers

Transportation

Air Transportation Workers
Other Transportation Workers
Rail Transportation Workers
Supervisors, Transportation and Material
Moving Workers
Water Transportation Workers

Laborers

Agricultural Workers
Animal Care and Service Workers
Fishing and Hunting Workers
Forest, Conservation, and Logging Workers
Grounds Maintenance Workers
Helpers, Construction Trades
Supervisors, Building and Grounds Cleaning
and Maintenance Workers
Supervisors, Farming, Fishing, and Forestry
Workers

Exhibit B: Work Force Report Job Categories-Trade

Brick, Block or Stone Masons
Brickmasons and Blockmasons
Stonemasons

Carpenters

Carpet, floor and Tile Installers and Finishers

Carpet Installers
Floor Layers, except Carpet, Wood and Hard
Tiles
Floor Sanders and Finishers
Tile and Marble Setters

Cement Masons, Concrete Finishers
Cement Masons and Concrete Finishers
Terrazzo Workers and Finishers

Construction Laborers

Drywall Installers, Ceiling Tile Inst
Drywall and Ceiling Tile Installers
Tapers

Electricians

Elevator Installers and Repairers

First-Line Supervisors/Managers
First-line Supervisors/Managers of
Construction Trades and Extraction Workers

Glaziers

Helpers, Construction Trade
Brickmasons, Blockmasons, and Tile and
Marble Setters
Carpenters
Electricians
Painters, Paperhangers, Plasterers and Stucco
Pipelayers, Plumbers, Pipefitters and
Steamfitters
Roofers
All other Construction Trades

Millwrights

Heating, Air Conditioning and Refrigeration
Mechanics and Installers
Mechanical Door Repairers
Control and Valve Installers and Repairers
Other Installation, Maintenance and Repair
Occupations

Misc. Const. Equipment Operators

Paving, Surfacing and Tamping Equipment
Operators
Pile-Driver Operators
Operating Engineers and Other Construction
Equipment Operators

Painters, Const. Maintenance

Painters, Construction and Maintenance
Paperhangers

Pipelayers and Plumbers

Pipelayers
Plumbers, Pipefitters and Steamfitters

Plasterers and Stucco Masons**Roofers****Security Guards & Surveillance Officers****Sheet Metal Workers****Structural Iron and Steel Workers****Welding, Soldering and Brazing Workers**

Welders, Cutter, Solderers and Brazers
Welding, Soldering and Brazing Machine
Setter, Operators and Tenders

Workers, Extractive Crafts, Miners



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

03/23/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Sam Schirmer Insurance Agency PO Box 1782 Mount Pleasant SC 29465		CONTACT NAME: Diane Alseth, AIAM, CISR, AIS, AINS PHONE (A/C. No. Ext): (843) 881-4707 E-MAIL ADDRESS: diane@sigsc.com		FAX (A/C. No): (843) 881-1771	
INSURED Moody Associates P A 1470 Ben Sawyer Blvd Ste 9 Mt Pleasant SC 29464-4593		INSURER(S) AFFORDING COVERAGE INSURER A: NATIONWIDE MUT FIRE INS CO		NAIC # 23779N	
		INSURER B:			
		INSURER C:			
		INSURER D:			
		INSURER E:			
		INSURER F:			

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			ACP2332998280	03/01/2021	03/01/2022	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$			ACP2332998280	03/01/2021	03/01/2022	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A				PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER**CANCELLATION**

City of San Diego 1200 Third Ave., Suite 200 San Diego CA 92101	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
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